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LIFE ASSURER'S HANDBOOK
AND
KEY TO LIFE ASSURANCE.

FORTY-SECOND YEAR.

THE
Mutual Life
ASSURANCE SOCIETY.

ESTABLISHED 1834.

39, KING STREET, CHEAPSIDE, LONDON.

CASH ASSETS £850,000

ANNUAL REVENUE 120,000

Has paid Assurers in Claims and Bonus over

ONE MILLION STERLING.

Every Member who has paid two annual premiums participates in the WHOLE OF THE PROFITS, equally with the oldest Member, in proportion to the number and amount of premiums paid.

A Policy in this Society is ABSOLUTELY FREE AND INDISPUTABLE after it has been in force five years, and the Life assured has attained the age of 30; the payment of the annual premium being then alone necessary to secure to the Member, or his representatives, the full benefit of the Assurance.

Scale of Bonuses, paid on Claims of £1000.

Age at Entry.	Number of Premiums paid.			
	5	15	25	35
	£	£	£	£
30	92	276	459	659
40	106	315	535	777
50	123	374	643	956

Prospectuses, Copies of Parliamentary Accounts, Proposal Forms, and every information, may be obtained on application to

THE ACTUARY,

Mutual Life Assurance Society,

39, KING STREET, CHEAPSIDE, LONDON, E.C.



NORTH BRITISH AND MERCANTILE INSURANCE COMPANY.

Established in 1809.

Incorporated by Royal Charter and Special Acts of Parliament.

CAPITAL TWO MILLIONS.

Accumulated Life Funds	.	.	£2,682,513
Fire Reserve Fund	.	.	862,238

London Directors.

John White Cater, Esq.		Right Hon. Lord Lawrence, G.C.B.
Charles Morrison, Esq.		G.C.S.I.
Richard Baring, Esq.		Hon. Hugh M'Culloch.
Richard Brandt, Esq.		Junius S. Morgan, Esq.
Edward Cohen, Esq.		George Garden Nicol, Esq.
John Fleming, Esq., C.S.I.		Baron John H. W. Schröder.
P. Du Pré Grenfell, Esq.		George Young, Esq.

Manager of Fire Department.—G. H. Burnett.

Manager of Life Department.—Henry Cockburn. *Secretary.*—F. W. Lance.

General Manager.—David Smith, F.R.S.E.

LIFE DEPARTMENT.

THE PRINCIPLES on which this Company was founded, and on which it continues to act, combine the system of Mutual Assurance with the safety of a large Protecting Capital and Accumulated Funds, and thus afford all the facilities and advantages which can prudently be offered by any Life Assurance Office. Under these principles the business of the Company continues rapidly to increase.

NINETY PER CENT. of the WHOLE PROFITS is divided among the Assurers on the Participating Scale.

THE PROFITS are divided every Five Years.

POLICIES INDISPUTABLE after Five Years.

Annuities of all kinds are granted, and the rates fixed on the most favourable terms.

FIRE DEPARTMENT.

PROPERTY OF EVERY DESCRIPTION, at Home and Abroad, Insured at the most Moderate Rates.

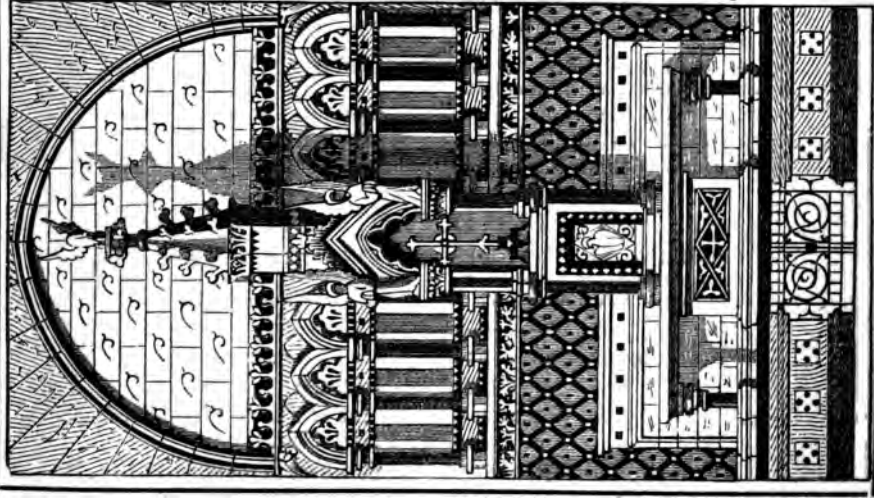
The Net Fire Premiums income for 1874 amounted to £824,941.

Prospectuses and every information can be obtained at the

CHIEF OFFICES:

**LONDON:—61, Threadneedle Street, E.C.; West-End Office:
8, Waterloo Place, S.W.**

EDINBURGH: 64, Princess Street.



* MAREZZO MARBLE *

* PULPITS * FONTS *

* ALTARS *

* COMMUNION TABLES *

* PAVEMENTS *

* LECTERNS * PRIEF-DIEUS *

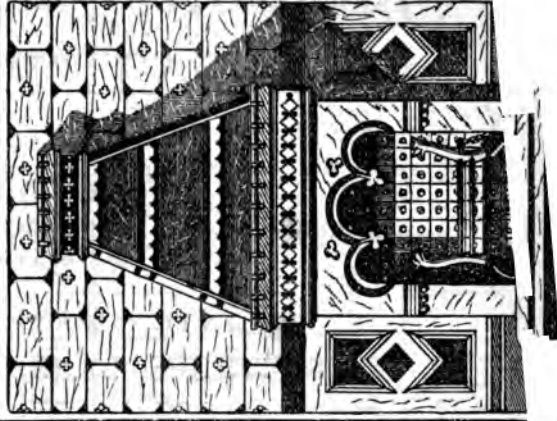
* ARCHITECTS' DESIGNS *

* CAREFULLY EXECUTED *

— — — — — MAREZZO MARBLE

COMPANY: LIM^{TD}

• SHOW ROOMS • 64 • REGENT • STREET • LONDON, W. •
• MANUFACTORY • SHENTON • STREET • OLD • KENT • ROAD • SE •



* MAREZZO MARBLE *

* CHIMNEY-PIECES • FENDERS *

* WALL • DECORATION • ONE *

* FIFTH • THE • COST • OF • MARBLE •

* DESIGNS • & • ESTIMATES • GIVEN •

THE BRITISH AND IRISH MUTUAL TRUST.

REGISTERED 11TH JULY, 1874, UNDER THE COMPANIES' ACTS, 1862 AND 1867,
AND

ESTABLISHED FOR THE PROFITABLE INVESTMENT OF
CAPITAL AND SAVINGS.

HEAD OFFICES:

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J. F. Burke, Esq., 34, Kensington Park Gardens, W.
George F. Larking, Esq., The Oaks, Belvedere Park, S.E.
J. Ebenezer Saunders, Esq., F.L.S., F.G.S., 9, Finsbury Circus, E.C.
William Standing, Esq. (Messrs. Standing and Marten), Queen Victoria Street, E.C.

This Trust combines all the advantages of Building Societies. Savings' Banks, and Credit Companies, giving special facilities to **all classes** for the *safe and profitable accumulation of Capital and Savings*—whether of large or small amount—on which Investors receive *Interest at the rate of 5 per cent.*, with other important privileges.

The plan of the Trust is mainly based on the beneficial principles of Building Societies, but embraces a much wider field both in the sphere of operations and the nature of the Securities on which Advances are made. The Capital, as in Building Societies, consists of the Subscriptions of the Members, who, in the Trust, are divided into two classes—(1) those who hold Appropriation Certificates and pay on each Certificate **5s.** per month, **£3** per annum, or a *Single Payment of £45*; and (2) those who take up Investment Certificates, and pay **2s. 6d.** per month, **£1 10s.** per annum, or **£22 10s.** in **one payment**. The important advantages attaching to each of these classes are defined in the Prospectus, which, with every information will be supplied on personal or written application to

CHARLES RUTHERFORD, F.S.S.,

Actuary and Secretary.

First-Class Agents required—Insurance Agents specially suitable.

THE LONDON & WESTMINSTER SUPPLY ASSOCIATION,

LIMITED.

(Incorporated under the Companies' Acts of 1862 and 1867.)

CAPITAL £200,000,

In 20,000 PREFERENCE SHARES of £5 each, and 100,000 ORDINARY
SHARES of £1 each.

Of these 20,000 Preference Shares, 5000 are proposed as a first issue at par.
Further issues will be made as the Directors shall determine.

The Preference Shareholders will be entitled to a Preferential Dividend of 6 per cent. per annum, and also to 3/10ths of the net profits, after providing for such Dividend to be divided between them through the medium of a ballot at the end of each year, in Certificates of £5.

The Ordinary Shareholders will be entitled to the many advantages detailed in the annexed statement, together with a participation in 4/10ths of the net profits (after providing for the Preferential Dividend), in Certificates of £1 each, drawn in the same manner as the £5 Certificates mentioned above. The remaining 3/10ths of such net profits will be carried to a Reserve Fund.

DIRECTORS.

G. Bridger, Esq. (Chairman), Director of the Mutual Society, Ludgate Hill, E.C.,
W. A. Lyttle, Esq. B.A., C.E., F.C.S. (Vice-Chairman), Secretary's Department,
General Post-Office, Director of the Coal Co-operative Society, Limited.
Edward Ravenscroft, Esq., 14, Loudoun Road, St. John's Wood, N.W.
M. P. Currie, Esq., 4, Dawson Place, Princes Square, Bayswater.
Lieut.-Col. C. W. Thompson, 21, Sutherland Place, Bayswater.
J. F. Harold, Esq., Woodlands, New Forest, Hants.

AUDITORS.

Messrs. Quilter, Ball, & Co., 3, Moorgate Street, E.C.

BANKERS.

The National Provincial Bank of England, 112, Bishopsgate Street, E.C.
(and Branches).

SOLICITORS.

Messrs. Wordsworth, Blake, Harris, & Parson, South Sea House, E.C.

ANALYST—H. C. Bartlett, Ph.D., F.C.S.

GENERAL MANAGER—J. Graham Irwin.

SECRETARY.

W. Ashton (late Assistant Secretary to the Civil Service Supply Association).

CITY STORES:—

10, 11, & 12, NEW BRIDGE STREET, E.C.
(Opposite Ludgate Hill Station.)

Special attention is called to the following important features in this undertaking:—

1. There are no restrictions with regard to class or profession.
2. The managers of every department are possessed of considerable experience and well qualified for their respective positions.
3. No payment either in Cash or Shares to be made for *promoting* the Company.
4. Profits are to be divided amongst Shareholders of both classes and Annual Purchasers to the extent of £50.
5. The Stores will be central in City and West End.
6. Carriage will be paid on purchases of 10s. for the London Districts, and £1 for the Country.
7. Ticket-holders are admitted on payment of 5s. annually.

NATIONAL SAFE DEPOSIT COMPANY, LIMITED,

*For the Safe Custody of Securities and Valuables and the Leasing
of Safes in the Great Fire and Burglar-Proof Vault, in the
Company's Building,*

1, QUEEN VICTORIA STREET,
(MANSION HOUSE), LONDON, E.C.

CAPITAL, £500,000. FIRST ISSUE, £250,000.

MANAGEMENT.

CHAIRMAN—J. H. PULESTON, Esq., M.P.

DIRECTORS.

LAWFORD ACLAND, Esq., Chairman Ceylon Company.
GEORGE ARBUTHNOT, Esq., Chairman Oriental Bank Corporation.
GEORGE W. BARNETT, Esq. (Barnetts, Hoares, Hanburys, and Lloyd.)
H. S. COULSON, Esq., Director United Discount Corporation.
LORD WILLIAM M. HAY, Director Eastern Telegraph Company.
HUGH F. SANDEMAN, Esq., Director Scottish Union Fire & Life Insurance Company.

MANAGER—HENRY WEST, Esq.

BANKERS—Messrs. BARNETTS, HOARES, HANBURY, and LLOYD.

THE main object of the Company is to provide the public with a perfectly secure, yet inexpensive repository for valuables of every description, and relieve them from the harassing and wearing strain occasioned by the personal custody of such property.

The Company's building is in the most central and accessible part of the City, being within a few minutes of the termini of all the omnibus routes, and of the Metropolitan, District, South-Eastern, South-Western, Brighton, Great Eastern, Chatham and Dover, Midland, Great Northern, and North-Western Railways.

The great Vault, which is entirely underground, is superior to any building in the world intended for similar purposes, and absolutely Fire and Burglar proof. It has capacity for 10,000 Safes, at rentals from £2 10s. per annum and upwards, besides ample storage for plate chests, bullion, specie, &c. It is entirely free from damp or mildew. Insurance is unnecessary.

The Company will grant leases of Small Safes within its great Fire and Burglar Proof Vault. The lessee will have exclusive custody of the key, which will fit no other lock; but the lessee's keyhole will be kept closed, when not in use, by the Company's escutcheon, so that he may not get access to his Safe unless in the presence of an Officer of the Company. This is, of course, for mutual protection. Lessees will have access to their Safes as often as required during the Company's hours of business.

The Company take for safe custody all kinds of securities and valuables and guarantee their safety when required. Drawn Bonds, Coupons, &c., collected, and the proceeds re-invested or remitted as desired.

Wills may also be deposited during the lifetime of the makers, thereby ensuring their safety, and effectually avoiding a frequent cause of litigation (as in the case of the late Lord St. Leonards).

In addition to the vast strength of the Vault, to which it would be quite safe to trust the property from day to day, a constant watch is kept both inside and outside the building, which, from its completely isolated position affords a further and important security.

Every facility has been provided for the Depositors. Access to the Safes may be either by a spacious staircase, or a commodious hydraulic lift, which will be in constant operation, and will traverse the whole distance in a few seconds. There is a room especially adapted and reserved for Ladies.

The premises can be inspected and further particulars obtained on application.

T H E
LIFE ASSURER'S HANDBOOK,

AND

Key to Life Assurance.

EDITED BY

G E O R G E C L I F F O R D.



LONDON:

EFFINGHAM WILSON, ROYAL EXCHANGE.

1876.

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232 . e . 876

LONDON
CLAYTON AND CO., TEMPLE PRINTING WORKS,
17, BOUVERIE STREET, FLEET STREET.

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[REPRINTED FROM THE "BULLIONIST."]

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TO THE READER.

It is only right to point out that it will probably be found that other Offices, in addition to those mentioned in the Preface, offer the facilities, and have adopted the modern improvements in Life Assurance, specially adverted to.

ERRATUM.

On page 132, the Total Insurance Fund of 1867 of the Eagle Life Office should be £2,738,661, not £1,738,661.

well-established and well-managed life office, and with the further object of assisting those who have not hitherto assured their lives, in deciding upon the most suitable office.

England is the cradle of life assurance, and Englishmen have no little reason to be proud of our Life Assurance Societies. Last year fifty-seven companies in Great

Britain issued 44,372 policies, yielding in new premiums £720,000, and insuring twenty-two millions sterling. The various companies that gave in their annual returns to the Board of Trade, held in December last an accumulated capital of ninety-nine millions sterling, yielding an annual revenue (in interest and premiums) of twelve millions sterling, and insuring in the aggregate about three hundred and fifty millions sterling. These are stupendous and astounding figures. And yet Mr. Samuel Smiles, who speaks with authority as the late Secretary of a leading London life office, asserts in his recent work, entitled "Thrift," that "*no more than one person in twenty* of the persons belonging to the classes to whom life assurance is especially applicable have yet availed themselves of its benefits!"

While, therefore, there is cause for infinite congratulation that so many millions are assured upon life in this kingdom, there is no justification for "folding of the hands" and complacent slumber on the part of directors of life offices. If much has been done, more remains to do.

The first condition of life assurance is SAFETY. A man wishes to SECURE the payment of a capital sum of money to his wife or children at his death, and his great desire is to know whether it will certainly be paid in full in gold when it becomes due. A sensible man will not, in the first instance, be dazzled by brilliant and it may be deceptive promises of large bonuses. These will come of

themselves, and he may for the present leave them out of sight. His first care should be that the office he selects is not only *solvent* but ABSOLUTELY SAFE.

Now there is hardly a life office described in this HANDBOOK—and it is, we trust, only the first of a series—which is not entirely to be depended upon for performing its share of the assurance contract. Most of them, indeed, are safe beyond all ordinary, nay requisite, conditions of safety. When in common parlance people wish to give an idea of security, they say “it is as safe as the Bank of England.” To assert, however, of our great life offices, that they are *only* as safe as the Bank, would be a comparison to which some of them might reasonably demur. The Bank of England before now has stopped payment, and is periodically in need of an Order in Council to enable it to tide over a panic or period of financial difficulty. But our great London and Edinburgh life offices, with their millions of accumulated funds invested in first-class securities, never require an Order in Council to assist them in meeting their engagements. They offer a surplusage and exuberance of solidity and stability—*satis superque*—and this prosperity cannot be shaken without a violent change in the rate of mortality and a reduction in the rate of interest upon money so great that it need not be taken into account by the generation now living.

A short and easy method for ascertaining the stability

and general prosperity of a life office is suggested by Mr. White in his *INSURANCE REGISTER*. Ascertain—

1st. The date of its establishment.

2nd. The amount of Life Assurances in force.

3rd. The amount of the Life Assurance Fund.

Having found these, then compare the figures with those of contemporary offices.

The *UNIVERSITY*—a solid and well-managed office—quotes this test with approval, applies it to the ten other offices founded about the same time (embracing several of the largest and soundest life assurance institutions in the United Kingdom), and comes out triumphantly from the comparison.

Mr. Gladstone, in a memorable speech on Life Insurance, proposed a rough sort of test by calculating the number of years' annual premium each office had in hand to meet its liabilities as represented by its existing assets. He thought that about ten years' premium income in hand would constitute a first-class office. Now the great majority of the offices described in the *HANDBOOK* have considerably more than ten years'—three or four, indeed, have some twenty years'—premium income in hand. Mr. Gladstone's test, however, does injustice to not a few young, rising, and well-managed offices. They are yearly adding to their accumulated funds, and every actuary in the kingdom would admit as to many of them, that they satisfy every reasonable condition of solvency

and safety, and are humanly speaking as stable as any of the older offices. Take for example the EQUITY AND LAW—an office founded no longer ago than 1844. If the reader will peruse the article on that office, he will feel convinced that the age of an office is by no means the sole or best test of its stability, and that not a few of our young offices, managed as they are with spirit, integrity, and prudence, are entitled to be placed in a foremost position among first-class offices.

Readers who come fresh to the subject may be disposed to ask why every one wishing to assure his life does not go to one of these great offices which boast half-a-dozen or a dozen years' premiums in hand in excess of all reasonable tests? It might be thought that these leviathan offices with accumulated funds reckoned by millions, and annual incomes exceeding those of many German principalities, would have a monopoly of new business. Perhaps it is as well for life insurance that they do not. At any rate, several reasons may be given for the favour with which young and enterprising life offices are regarded. The old Boards, instead of going out to look for business, are apt to wait until business comes to them. They are often sluggish in action, and slow to adapt themselves to the changing circumstances of civilization. They are in the receipt of a large yearly income from the funds accumulated by the thrift and prudence of past generations, and with a very moderate accession of young

lives they cannot help declaring good bonuses. In some cases perhaps the staff is as large as the old premises can conveniently accommodate, and the Directors do not care to enlarge them. Complaints are heard in some quarters that Secretaries and Actuaries now hedge themselves in from the outer world, and have lost their former accessibility to shareholders and assurers, whereby they lose many opportunities of interesting members and others in bringing in new business and furthering the progress of the society. Not a few, indeed, of the old offices are living upon their former reputation, and doing little or nothing to maintain, still less to extend it.*

* The director of one of the great companies, when remonstrated with, quite recently, for lack of enterprise on the part of his office, said :—"It is the interest of the public to come to us. Why should we go to them? It is a PRIVILEGE to become one of our assurers. Why should we ask it as a *favour*?" The truth may be rather unpalatable to would-be assurers, who find themselves courted on all sides to join this or that office; but the matter is worth considering from the director's point of view. The large accumulated funds of the old offices represent the traditions and results of thrift, sound financial judgment, and high integrity, continued over several generations. Watch the operation of life assurance in two old offices—one Mutual, the other Proprietary. The shares in the Proprietary office, upon which only a small amount has usually been paid, may now be worth four or five, if not ten times such amount, by reason of the profits which have accrued through frequent participations in surplus capital. If it be conceded that the Mutual office, of the same age, has been managed with the same prudence, judgment, and economy, do not the older assurers in that office stand in the position of being both shareholders and policy-holders, and as such receiving the whole of the surplus capital

The young offices, on the other hand, are bound to keep their claims and advantages before the world. Some appeal to class-interests, and all by their *raison d'être* are called upon to adopt the facilities and improvements of which life assurance is susceptible. They cannot afford to wait for business, but go out into the highways and hedges, and almost compel men to come in and assure their lives. They visit every town to find out clever and pushing agents. They issue their tracts and advertisements without stint, and by their untiring pertinacity persuade many to assure their lives who would never trouble the sleepy and non-progressive Leviathans of the City. Their expenses are naturally larger than those of the unprogressive and reactionary societies, but the younger race of actuaries look with lenient eyes upon the outlay incurred in getting new business, so long as the lives are good and the tables sound. Every good and approved table of mortality carries such an amount of "loading"—often 25 per cent.—above the actual rate of mortality, that a society can hardly help setting apart considerable sums as savings, which figure in time as "surplus capital." As to expenses of management, they are in the majority of cases

in the form of increased bonus? This, of course, assumes that the Mutual office is managed with the same thrift and attention to economical administration as the Proprietary institution—a point in dispute upon which we are not called to decide.

met—and far more than met—by a larger interest being obtained on the society's capital than the rate which is taken into account in the valuations of the society's assets and liabilities. Many examples of this will be found in the pages of the HANDBOOK. The rate of interest is usually taken at 3 per cent., while every society obtains 4 per cent., and some upwards of 5 per cent. upon their investments. Hence, in well-managed offices a new surplus capital begins its stage of growth and preparation after each quinquennial or other investigation, to be distributed in due time among members in the way of bonus.*

* We are aware that the insolvency of some offices, and the risky condition of others, are attributable to the excessive amounts paid in commissions. Such offices, however, cannot claim to be "well managed." Our HANDBOOK would not be adapted to popular use if it employed scientific actuarial terms, which may not be readily understood, and we must, therefore, ask leave to convey in a footnote a remark, which is, notwithstanding, deserving of the utmost prominence and attention. The term "negative values," in estimating the positions of the various societies, means the assumption that the present value of the liability under a policy is less than nothing; or, in other words, that recent assurances are assets. "Negative values" are obtained by using a table of mortality, giving a greater value to life than that assumed in computing the premiums. No accounts ought to be received by the Board or Trade without a declaration that not a single "negative value" is comprised therein. In the accounts of one office now before us, comprising assurances of upwards of two millions and a quarter, the liabilities are estimated at upwards of £35,000 less than nothing! In other words, the members should, one with another, pay that sum for the privilege of forfeiting their policies!

Managed with common prudence, discretion, and honesty, it seems next to impossible that a life assurance office should fail. Some of the societies founded on the mutual principle are among the largest and best managed in existence, yet they started without the security of guaranteed capital. Take the case of the NATIONAL PROVIDENT for example. In an interesting article (part of a series) which appeared a few years ago in the admirably managed *Railway News*, it was stated that when the company began its operations in a small office in Nicholas Lane, Lombard Street, "the amount of cash in hand, to meet the preliminary expenses, was the magnificent sum of ten pounds, and this was advanced by the founder, who, together with one clerk, comprised the whole of the staff:"—

"There was not any proprietary capital. Each gentleman who consented to act as a director gave his personal guarantee for a given amount; for it was considered—and is still so considered—that a subscribed capital for a life assurance company frequently proves, if not inconvenient, at least an expensive and unnecessary fund, for that which is paid in the shape of interest to the shareholders is so much abstracted from the premium-fund, to the manifest loss of the policy-holders. A guarantee, therefore, in the infancy of an office is all that is required until the funds derivable from premiums are sufficient to meet the losses. And so it proved with the NATIONAL PROVIDENT. The mode which Mr. Marsh (its founder) appears to have adopted for obtaining the first fund of premiums was to invite eight or ten of his friends to dinner, and after descanting upon the benefits derivable from life assurance, he persuaded many of them to effect policies in his new office. It is on record that £3000 were received in the shape of premiums

within the first three months of its establishment, and £9000 within twelve months, with the loss of only £150 by the dropping of one life."

The NATIONAL PROVIDENT has since realized upwards of £2,300,000 in profits; it has a gross annual income of nearly half a million, and an accumulated fund of £3,300,000.

The history of the MUTUAL is not very dissimilar. At the last annual meeting, the father of the society, Mr. James Burchell, said: "This society commenced 41 years ago. All the capital we had were a couple of chairs, a table, and some pens and paper, and at the end of the first year we had accumulated from premiums £3391." In the first year the expenses amounted only to £574; and in the first five years they did not exceed £5656, an average of £1132 per annum, including the preliminary expenses of forming the society. The premiums received during the same time were £31,866. *There was no claim by death until the third year;* and out of upwards of £300,000 newly assured in the first five years, constituting an average of £184,000 in existence at the end of each year, the total claims by death only amounted to £6600, an average of £1320 per annum. The assurances in force in the MUTUAL now exceed two millions and a half, and the accumulated funds are fast approaching a million.

Take again the early history of the CLERGY MUTUAL,

which has been so instructively written by one of its founders, the Rev. John Hodgson, M.A., the first secretary. The earliest members consented to pay their first premium, but to waive all claim to any benefits from their assurances until ninety persons had joined the society. Although, therefore, the society was established in 1829, the first policy was not signed until March 1830. As soon as ninety members were obtained, the policies were issued. Fortunately, not a single death occurred in the interval. An additional security was offered in the form of a small, but, as it turned out, more than sufficient guarantee fund subscribed by the clergy and the well-wishers of the institution. This fund, amounting to £5182, which answered to the paid-up capital of a proprietary office, except that no interest is payable upon it, is still held in reserve. It has never been required, the capital derived from premiums having been found more than sufficient for the payment of all claims. The CLERGY MUTUAL has now a yearly income of more than a quarter of a million, and its total funds amount to £2,228,347.

The process of establishing a life office on the Mutual principle by a voluntary or nominal guarantee among the founders and first policy-holders is, however, somewhat risky for the earlier members. It will be done no more, for Parliament has stepped in and enacted that every new company shall be registered. The Life Assurance Com-

panies' Act also requires that a deposit of £20,000 shall be made with the Paymaster-General. The Briton Life Association (Limited), is the first life assurance company that has made this statutory deposit, and it accordingly received, in November last, a certificate of complete incorporation. The history of the NATIONAL PROVIDENT, MUTUAL, and CLERGY MUTUAL has, however, a moral, and it is (in the words of the Rev. John Hodgson) "that there is no business of any kind or sort which (with common prudence and integrity) it is so hard to bring into a state of bankruptcy as life assurance business." "The great body of life assurance offices in this kingdom (he adds) are, for this reason, safe and sound enough."

Before the publication of life assurance accounts by the Board of Trade, it used to be said that if the clearest possible report and most detailed balance-sheet of a life assurance company were laid before its members and the public, they would be so far unintelligible that the great majority could form no opinion of the trustworthiness of the company's position. What has been gained by the interference of the Legislature, in the first place, is that the publication of the companies' accounts enables persons who are adepts in the science of life assurance to investigate the condition of any office, and that the actuaries of great and solvent companies have a personal and professional interest in giving the public the results of their scientific knowledge. The public are thus becoming

instructed in the conditions of life assurance stability; and they have besides, in the publication of intelligible accounts, a tolerably safe guarantee of the good faith of most boards of directors. The publication of the Board of Trade Returns has been a real benefit to all sound and well-conducted offices, because it secures them, to a great extent, against the rivalry of adventurers, who cannot live in the broad light of publicity.

No event in the history of life assurance has, indeed, given so great a stimulus to a knowledge of its science and practice as the publication of the balance-sheets and other statements required to be made by the Board of Trade. Nothing was more common a few years ago than to see an increase of business put forth by certain life offices as a certain test of progress and prosperity. The public have been since warned by experience that an increase of business standing alone may be only productive of a large ultimate failure. It is now well understood that, although increasing business and large funds are indicative of success, they are not by themselves sufficient evidence of stability. In one or two recent disastrous failures, a large increase of funds and of income left the offices in a worse position than before their funds and income had been increased by the buying up of other companies. On the other hand, a great English life office—the *EQUITABLE*—has been quoted as an instance in which largely diminished funds and income might be

accompanied by greater riches; that is, by a larger proportional surplus. It is a great step in popular education when assurers have been brought to understand that a large increase, whether of available funds or income, may be accompanied by a still larger liability, while, as in the case of the *EQUITABLE*, a diminished fund and income might be accompanied by a still greater proportional diminution of liability.

The publication by the Board of Trade of the accounts of the insurance offices in Great Britain, has, however, been accompanied by one disadvantage. Extravagance of expenditure has so clearly been shown to be the rock on which certain offices have split, that the pendulum has swung back in the contrary direction; and the danger in life assurance management now lies in the direction of parsimony. Economical administration has been the subject of so much laudation, that economy has been carried to excess, and the interests of a dozen societies have been starved by a penny-wise policy. The appendix to fourteen reports of the Board of Trade gives a list of about a hundred life assurance companies, with the proportion which the expenses of management and commission bear in each case to the premium income. The rivalry between certain companies appears to be which shall be at the head of this list. One of the most natural and remunerative sources of expenditure is publicity, yet the advertisement contractors assert, as a

matter within their knowledge, that the entire sum expended in advertisements within the last year by a leading life office, high up in this list, has been considerably less than *ten pounds*. This is economy run mad. The *EQUITABLE* announces that "the whole working expenses of the society average about two and a quarter per cent. of its renewal-premium income." The directors of the *CLERGY MUTUAL*, which is among the highest in the list, seem able to reconcile economical administration with judicious publicity, since their expenses are less than £3 4s. per cent. of the total income; but persons wishing of late to insure their lives in the *LONDON LIFE* and the *METROPOLITAN*, two offices of undoubted stability and low working expenses, must have gone in search of those offices without the help of a public announcement even to say where they are situated. The *NORWICH UNION* declares that its expenses, including commission, are less than seven per cent.; and, as there is no reason to suppose the commission allowance is starved, a very small margin of expenditure would seem to have been allowed for addressing the public through the "usual channels of information."

It is unfortunate that this passion for saving, and "screwing," and "keeping down expenses," followed upon the heels of a life assurance panic, caused by the failure of the *ALBERT* and *EUROPEAN* Offices. That was the time when the old and solvent companies should have

come before the public as popular instructors, and when, at a moderate outlay, they might have taught us all that the insolvency of these companies had nothing to do with life assurance properly and prudently carried on, seeing that we have a score or two of societies which more than satisfy every reasonable condition of safety. But the opportunity was only seized by three or four bold and courageous offices, who, it is to be hoped, reaped a rich harvest. The boards of other companies passed through a season of panic like the public, but with this difference, that while the popular "scare" took the form of an unreasoning distrust of life assurance in all its shapes, the directors' panic was a groundless fear of the Board of Trade, and a determination, right or wrong, to keep down expenses.

The result of these two causes working in the same direction was that the two or three years which saw the ALBERT and EUROPEAN Offices in liquidation were years of unusual depression—with the few exceptions above indicated—among the greatest and most solvent London offices. When the ALBERT Life Office, with some two-and-twenty affiliations, broke up, the public should have been reminded, in season and out of season, that the catastrophe had not been unexpected by actuaries, and that it was not undeserved. This was the time to have shown the essential safety of the life assurance principle under honest and prudent management. The majority

of boards, however, held their peace, and suffered judgment to go by default against them. What was the result? The experience of a single office will suffice. The CLERICAL MEDICAL and GENERAL is a progressive and flourishing society; but the chairman, the Right Hon. J. C. Mowbray, M.P., at the meeting held in 1872, for the declaration of the ninth bonus, had to account for an unusual falling off of new business. The only consolation was that it had not operated with respect to that society alone; but the general anxiety felt by the public, originally occasioned by the failure, first of the ALBERT and then of the EUROPEAN, had, he said, affected nearly every life assurance company in the kingdom. In the last two years of the quinquennial period, ending in June, 1866, the new premiums were £23,906, while in the two years of the last quinquennial, 1870-71, they were only £16,858.

The MUTUAL was one of the first life offices, if not to note the falling off of new business, at all events to recognize boldly the only method of converting the popular feeling of distrust into one of confidence. The directors determined to give a larger publicity to their society. They did not shrink from incurring a considerable expenditure for this purpose; but it was judiciously made, and when they met their policy-holders and compared results, it was admitted that, seeing how the new business of other offices had diminished, it would have

been impossible for the **MUTUAL** otherwise to maintain its ground.

The directors of the **ROCK**, one of our oldest and largest societies, honourably and candidly admit, in their last report (dated Sept. 30, 1875), that, owing to the increased competition, and the collapse of the **ALBERT** and **EUROPEAN** Offices "affecting the confidence of the public generally during the last seven years," the "new business of the company has not progressed to the extent the directors could have desired." The directors add :—"The failure of two large life assurance companies makes it necessary for all soundly constituted companies fully to satisfy the public as to the security of their own position, and to show the grounds they have to justify the confidence of the public." Publicity is the only mode by which these objects can be attained, and the weight of authority of this leading and long-established company is now thrown into the scale against the recent tendency to starve the business of an office by parsimonious administration.

There are thus healthy signs of reaction ; and we trust that the papers in the **BULLIONIST** and the publication of our **HANDBOOK** will do their part in restoring public confidence and increasing the flow of assurance business. Life offices have been passing through the same phase of depression which a few years ago attacked joint-stock banks ; but there are not wanting evidences that "the

corner has been turned," and that life assurance is taking a higher position than ever in public confidence. "Life assurance," in the words of the Rev. John Hodgson, "is one of the bulwarks of national as well as of domestic welfare, and a single event to its discredit, arising from causes altogether independent of those principles on which life assurance rests for its security, should not be suffered to diminish its importance in the eyes of the public."

The Act of Parliament which compels assurance offices to deposit their accounts, balance-sheets, and valuations at the Board of Trade may be regarded as having given increased value and stability to the shares of proprietary offices regarded as investments. The practice has hitherto been for a holder of shares in our insurance corporations to direct by his will that they shall be sold, and the property realized for the benefit of his family. Hence have arisen fluctuations in value, when a large number of shares in two or three life or fire offices have been thrown upon the market. This has been especially the case in those societies which, until the passing of the Acts of 1870 and 1872, not only refused to admit reporters to their meetings, but either published no accounts at all, or withheld cash accounts and balance-sheets. When corporations shrouded their affairs in mystery, it was wisdom on the part of those who held their shares to direct them to be sold by their executors. We are now

approaching a state of things when shares in a solid life office may be wisely regarded as a safe and permanent investment for widows and families, and when it should be no more necessary to bring such shares into the market than to sell Consols or railway stock.

This leads us to the subject of life insurance as an investment for capital—an exceedingly interesting branch of the subject, but one little known to the ordinary English assurer. The BULLIONIST,* in a series of articles on “New Channels of Investment,” called attention to the exceedingly remunerative character of the investments in various insurance companies, as shown by the high price of their shares. These shares are never quoted in the Stock Exchange lists published in *The Times* and other newspapers, but transactions to a large amount nevertheless occur, and they have of late received an increasing amount of speculative attention. The *Insurance Record* last September gave half a dozen good and sufficient reasons why insurance shares at the present moment are a good investment:—

1. They yield large dividends on the paid-up capital. Out of a list of 90 companies, fire, life, and marine, before us, two declared a dividend under 5 per cent. but above 4 per cent. ; 17 declared dividends of 5 and 6 per cent. ; the large majority of the companies paying dividends of more than $7\frac{1}{2}$ per cent.—many of them being from 15 to 20 per cent.; a number reaching 20, 40, and even 80 per cent. Only six declared no dividend, but they were marine

* See BULLIONIST of Sept. 18, Oct. 23, and Oct. 30, 1875.

companies, which it was considered had had an exceptionally bad year.

2. The market value of insurance shares has a tendency to rise. This has been the case with the old companies to a remarkable extent. The shares of the *LAW LIFE* have increased in value nearly 1000 per cent.; those of the *ROCK LIFE*, 1550 per cent.; the *STAR LIFE*, 1175 per cent.; the *LIFE ASSOCIATION OF SCOTLAND*, 2450 per cent.; and the *STANDARD LIFE*, the astounding advance of 7200 per cent.

3. Insurance companies, if properly managed, can be worked with a small per centage of capital. All the companies named whose stock has increased in value so much are notable examples of this. The *STANDARD LIFE* (established 1825) only required to call up 1 per cent. of its subscribed capital; the *LIFE ASSOCIATION* also 1 per cent.; the *LAW LIFE*, *PROVIDENT LIFE*, *EQUITY AND LAW LIFE*, 10 per cent.; the *ALLIANCE*, *COUNTY*, *ATLAS*, *COMMERCIAL UNION*, *LANCASHIRE*, *CALEDONIAN*, *QUEEN*, *MANCHESTER*, and some other fire companies, also called up but 10 per cent.; the *NORTHERN* and *SCOTTISH UNION* called up only 5 per cent.; and the *LAW FIRE* only $2\frac{1}{2}$ per cent. of its capital.

4. The business of both fire and life insurance is an increasing business. The longer the companies exist they continue every year to do an increasing business—especially of late years. Fire business has nearly doubled in volume within the past few years. Not only is insurable property accumulating, but it is fast increasing in value, buildings of all descriptions especially. In 1870 the amount of premiums received by the leading companies, doing five-sixths of the whole business, was £3,711,767; and in 1872 they were £5,297,762; showing an increase of business of 42 per cent.

5. Insurance is every year being brought to greater perfection.

The writer in the *BULLIONIST* offered various suggestions as a guide to these investments, and gave reasons for thinking that the vast field of life insurance is anything but filled at the present moment. No doubt if insurance directors and actuaries were consulted they

would reply, "The existing offices are numerous enough to absorb all the new business without difficulty;" and they might go further, and assert that the demand for life assurance falls far short of the supply of life offices. This is so far true that no mere reduplication of existing companies is wanted. Nor would any such deserve to succeed. A new office should either appeal to a special *clientèle*, or should in some way or other put forward new aims, new objects, and new encouragements to life insurance. Very few impaired lives, for example, now have the courage to offer themselves for insurance; but the BULLIONIST pointed out that if some scheme could be devised to attract those invalids who would prefer to "run their lives against the gloomy vaticinations of a society's physicians," instead of paying an excessive premium during the whole of life—some scheme, in short, that would trade upon the natural belief of every man in his own longevity—it would probably encourage so many impaired lives to offer themselves for insurance as to give a new London life office a satisfactory nucleus and basis for its future operations. The exact value of European life in India may also be cited as one of the subjects which might be usefully grappled with by a new life office.

Persons about to assure their lives are often unduly nervous about the medical examination. Yet, if a man is conscious that he has a good, healthy, and vigorous life

to offer for assurance, it is really his interest to go to that life office—whether Mutual or Proprietary—where the medical men are known to be most stringent in their examination. No persons have such an interest in the selection of sound lives as those whose proposals have once been accepted, and who have become members. The three causes which make a life office prosperous are—

- 1st. Care in the selection of lives ;
- 2nd. A prudent investment of the funds ; and
- 3rd. Economic expenditure.

Without undervaluing the two last, it may perhaps be affirmed that the selection of good and healthy lives is the sheet-anchor of a life office. Some boards are more enterprising than others in their investments, and a difference of ten shillings per cent. all round in the interest received upon a vast accumulated fund makes, no doubt, a sensible augmentation in the yearly profit and the quinquennial bonus. Still there is a substantial agreement among City men, accustomed to deal with large sums, in favour of mortgages on real property, and other safe investments, and where few losses are sustained the rate of interest is pretty much the same. With regard, again, to expenditure, if the young offices sin in offering reckless allowances by way of commission, the mistake among the older offices, quite as often as not, is, as we have seen, on the side of parsimony. But when

due care and prudence are exercised in these two respects, that office is sure to be the most prosperous where the medical men have instructions to accept none but sound lives. The tables of mortality, if the requisite proportion of young lives join the society, are sure to verify themselves, and there is then hardly any limit to its growth and prosperity. The members of such a society—whether Mutual or Proprietary—should never learn with regret, from the annual report, that a considerable proportion of the proposals of assurance have been declined. It is, indeed, a good sign for the existing members when the directors sustain the medical officers in weeding out doubtful and risky lives, and have the courage to take credit for the fact instead of attempting to conceal it. A large number of bad lives are every year offered for insurance, sometimes at the instance of their families, but not seldom at the instigation of designing individuals, who offer to lend money to persons whose lives they know to be risky, on condition of assuring their lives and assigning the policy in their favour. In spite of all precautions, the offices are sometimes imposed upon, and since the competition for new business has become so keen, the importance of the medical examination can hardly be overrated. It used to be thought that insured lives were decidedly above the average, but the late Mr. MILNE, the author of the article “Annuities,” in the former edition of the *Encyclopædia Britannica*, states distinctly

that "all the caution and selection which the offices in general can exercise is necessary to keep the lives insured up to the average goodness of the bulk of the population." A really sound healthy life with good family antecedents has, however, nothing to conceal, and may fearlessly invite the strictest medical examination, in the confidence that the moment he is accepted he will begin to share in the benefits secured to himself and his co-assurers by the skill of the medical man, and the firmness and prudence of the directors.

The medical advisers of a life office cannot fail to act under a sense of responsibility. They are immediately accountable to the directors, and a *bonâ fide* proposer has this security—that it is the interest of the society that no good life should be refused. Even if it were otherwise, the traditions of an honourable profession might be relied upon to secure the public against captious or arbitrary rejection. The society's physician knows that he stands in a position of moral responsibility to the proposer as well as to the office. If he advises the directors to decline the proposal of a man who has not before offered himself for life assurance, that proposer is heavily handicapped when he offers himself elsewhere. Almost every life office insists upon answers to some such questions as these:—

"Has your life ever been previously proposed for assurance in any other office? If so, state the names of

the offices, and dates, and whether accepted or declined?

“If accepted, state if at ordinary or increased premiums.”

As the answers to these and other questions form the basis of the contract, and as it is probable the life offices, for self-protection, exchange the names of the persons whose lives are declined, a man whose proposal is rejected in one or two offices running would hardly expect to find an office that would accept him, except at an increased premium. The adverse report of the medical officer almost amounts, therefore, to the infliction of a yearly fine for the rest of his life, and is in every respect so important that if malice could be imputed and proved, (which is happily out of the question) a proposer could undoubtedly recover damages against the medical man. As the physicians and surgeons of every leading office are perfectly aware of the consequences which rejection entails, it is probable that, when the balance is tolerably even, they are disposed to give the proposer the benefit of the doubt.

A young, good, and healthy life will not only do wisely in seeking out a life office where the medical examination is of the strictest, but will do well to consider the advantages of the old “Tontine” scheme, as compared with the “equal” or new tables of some life offices which give an earlier participation in profits. The principle at issue

was discussed with great fairness and candour by an actuary who challenged the *EQUITABLE* system of dividing the surplus, and by Mr. Arthur Morgan, F.R.S., the late Actuary of the *EQUITABLE*, who defended their mode of division. The point in dispute may be clearly explained without resorting to technical language, and as life assurers ought to be familiar with the arguments on both sides, a brief *résumé* may not be out of place in our *HANDBOOK*.

It is unnecessary to explain the system on which the *EQUITABLE* Society at the end of each decennial period ascertains its liabilities. What we have now to do with is the mode in which it deals with its then ascertained surplus. Only two-thirds of the surplus are distributed among the members. The other third falls into the general funds of the society, and of course contributes to swell the surplus at the next and subsequent decennial valuations. The result is that at the end of each decennial period every policy gets an annual bonus, not for ten years, but for every year it has been in existence ; so that, if a policy is forty years old, it gets four times the bonus attached to one that is ten years old. This process is repeated each ten years, and thus a person who has the advantage of long life may draw out nearly six times as much as one who incurs the disadvantage of short life. This, it is contended, is the principle of a tontine rather than that of a life insurance office, which is

founded to equalize the advantages of long life and the disadvantages of short life.

The case which the learned actuary of the *EQUITABLE* had to meet was briefly this—that his society denies to its members the advantages of life assurance to the extent of one-third of the ascertained surplus, and relegates that sum into a general fund for the next ten years, so that a member who dies in the interval loses one-third of the actually ascertained surplus attaching to his policy. Some small correction of this evil is, no doubt, effected by awarding an annual bonus to each policy, if the holder should die before the next decennial investigation, but the value of this bonus is insignificant in comparison with the reserved surplus. In a tontine the survivors are the winners, but a life insurance office proceeds, it is alleged, on principles the very opposite to a tontine. The argument is that, in a life office, those who live should pay for those who die, and the object should be, as far as possible, to divide the common fund equally between the members, irrespective of the time of their death. If a man pays an annual premium of £30 for the insurance of £1000 in case of death, and dies before the time comes when another annual premium falls due, it is evident that he takes a very much larger sum out of the common stock than he has put in. It is equally evident that this must be made good by others who pay in more than they take out. And this is the very essence of life insurance,

viz., that those who live pay for those who die. The *EQUITABLE* *does* equalize the pecuniary advantages of shorter or longer life, so far as the sum originally insured is concerned. If a man pays his £30 a year and is insured in the society for £1000, his representatives get this sum whenever he dies, and no inquiry is made whether he has paid one premium only or fifty premiums. The corollary of this principle, it is contended, is, that if the premium charged to each should turn out to be larger than need have been exacted from them, they should share the profit thereby created as they share the common fund out of which the profit arises. This is, however, by no means the case. The profits of the *EQUITABLE* Society, as ascertained at the end of each ten years, are accumulated on the old policies, so that those who live to old age have not only the benefit of life, but receive also a large portion of the money which should have gone to those who have not obtained that benefit.

The working of the *EQUITABLE* method of distributing two-thirds of its ascertained surplus was illustrated by a striking example taken from the Society's report for the decennial period ending in 1849. In the instances of bonus additions then and previously awarded, there was one case of a policy taken out in the year 1790. Supposing this policy to have been for £1000, the bonus additions would have been £5260, so that in the event of his death, the member's family would receive no less

than £6260 for £1000 assured. Another member, whose policy was taken out in 1830, would receive only £1140 for every £1000 assured; while a third member, who entered in 1840, would, if he died, receive only £1020 for every £1000 assured. Nor was such a result simply due to the fact that the older members get a larger number of decennial additions. They also get a much larger bonus addition at each period. Thus in 1849, as we have seen, the addition *for the decennial period* then closed was in one case £1200, and in another assurance of the same amount only £20. This was a distribution of profits on the tontine, or anti-life insurance, and the actuary critic contended that it was subversive of the true objects of life insurance.

Mr. Arthur Morgan rejoined that the comparison of the mode of distribution to that of a tontine was not accurate, for the simple reason that in a tontine every member pays the same sum; whereas, in the case of a insurance office, members who survive continue paying their premiums to the end of life, and, moreover, are keeping their share of the capital in the hands of the society, to be improved and profitably invested for their own and the general good. It was, therefore, strictly *equitable* that the members whose policies were of the longest standing should get a larger sum added to their policies than their fellow-insurers who have more recently entered at the *same* premiums, and whose policies may be

terminated at an earlier period. Those who have paid the greatest number of premiums have contributed the most to the surplus, and should get a proportionately greater share in every division than those who have paid only a few premiums. According to the plan recommended by the writer previously referred to, a large number of young members might come in and take away nearly all the surplus on the policies of the *class of age* under *which they entered*, leaving members who entered at the same age years before unjustly curtailed of benefit. These young members might thus get their lives insured for a large sum at a very inadequate premium, after which they might surrender their assurances, and take out of the society, at an early period, more money than they had paid in. This (said Mr. Morgan) could easily be demonstrated by examples taken from the actual state of the assurances in the *EQUITABLE* office at different periods of division. Mr. Morgan contended, on the other hand, that the public do not care about particular modes of division, if they get satisfactory bonuses after a reasonable time, and *go on getting them*. He admitted that one principal reason of the *EQUITABLE* not having kept up its popularity had been the slow rate at which the new insurers had come into a participation in its surplus fund, which had no doubt caused disappointment. This state of things, however (he added) was now passing away, and another decennial division and further

appropriation of the surplus would "go a great way to remove it altogether, and at all events satisfy every reasonable expectation of the then existing members."

Mr. Morgan's actuarial critic and opponent had handsomely acknowledged the *EQUITABLE* to be "the richest and most economically managed life insurance society in existence." As, he said, the society is a mutual one, having no share capital to claim any portion of its profits, the funds belong entirely to its members, "who, *in their corporate capacity*, are the richest insured lives in existence." He moreover admitted that Mr. Morgan was right in saying that the *principle* of division is the same in other offices as in the *Equitable*. When a mode of valuation, for instance, is adopted, based on the same assumed *data* as those on which the premiums were originally calculated, the members who live longest must receive larger additions to their policies than those receive who die earlier; for the former will live through a larger number of periods of ascertainment and distribution of surplus. But he again insisted that the mode in which the *EQUITABLE* deals with the surplus when ascertained, enormously increases the disadvantage under which all its members who do not live to old age suffer; and correspondingly increases the advantage which is enjoyed by the longer livers. He said, in conclusion, as the net result of his investigations, that those who join the *EQUITABLE* must live thirty or forty years before, in

case of their death, they have done as well for their families as if they had joined many other life insurance societies. This allegation must, however, be taken for what it is worth, and might possibly have been disproved by the actuary of the *EQUITABLE*, if he had thought it worth while to prolong the controversy.

We have no pretensions to decide between such high authorities, and we must be content to leave the matter to those who may be about to assure their lives. Many men have a strong belief in their own vitality ; and if a young man is in vigorous health, of temperate habits, in comfortable circumstances, and if he comes of a long-lived family, he will naturally prefer the tontine principle, and select a life office which offers such splendid prizes for longevity. If, on the contrary, his health will just enable him to pass the medical examination ; if his business hours are long, and his opportunities of relaxation few and far between ; if he has many cares and anxieties, and no present prospect of an assured position ; and, finally, if he wishes to pay reduced rates of premium at the earlier ages, or, having passed middle-life, desires to secure larger additions to his policy at the earliest possible date, he will perhaps do well to assure upon the latter scheme. He will then have selected a mode of division which will give him an equal share of profits with the other participating assurers in the same class. There are plenty of life offices which offer him the choice between the (so-called) Tontine or

old scheme of division, and the Equal or modern scheme, which allows participation at each division in the form of a simple per centage according to the number of years since the last investigation, or the date of the policy if opened between the periods of investigation. Under the tontine scheme, as has been explained, the policies draw bonus at each division of the profits according to the number of years which have elapsed since the commencement, and the additions made to the older policy-holders have been enormous, not only in the *EQUITABLE*, but in other well-established societies.*

The progress of actuarial science, and the active competition for life assurance business, have led to many new facilities and improvements. The constant adaptation of our life assurance system to the wants of modern civilization shows, indeed, that it has entered upon a new and progressive stage. The *STANDARD* claims to have taken the lead in liberalizing the life assurance contract, and freeing its policies from several of the old restrictive clauses. Thus (1) parties who at the time of proposing for assurance have no intention or prospect of proceeding abroad, and who are consequently charged the home premium, may afterwards reside in any part

* See also the principle of division of profits adopted by the *ROYAL EXCHANGE* in the article on that Corporation. It is, briefly, that each of the assured should receive in proportion to his contribution to the profit fund, and this principle has since been confirmed by the high scientific authority therein quoted.

of the world without extra premium. (2) Policies of five years' duration not only receive the usual thirty days of grace, but may be renewed within thirteen months of date of lapsing from non-payment, on paying a fine; and, in the event of death, the claims will be paid, subject to deduction of premiums unpaid and fines. (3) Policies are unchallengeable after five years' duration on any ground connected with the original documents, if age has been proved. (4) Surrender values of fixed amount are granted after payment of one annual premium; and (5) paid-up or non-forfeitable policies of not less than £50 are granted in exchange for the surrender value. Several other companies have adopted the "free conditions" which are now endorsed on the STANDARD life policies.

Another extension, too, of the principles of life assurance to meet the requirements of the public was originated by the NORWICH UNION. This society issues policies in the nature of settlements, securing a certain and direct provision for the family of the assurer. The directors, in their corporate capacity, themselves offer to become the trustees under marriage and other settlements, so that if a man, upon his marriage or at any time thereafter, assures his life for £1000, the directors undertake, upon his death, to set apart £1000 out of the society's assets (together with the accruing bonuses), and pay the income to the widow during her life, and upon her death

to divide the principal among their children either equally or in such other proportion as the assured may direct ; or, in default of children, they will pay it to his personal representatives or assigns. Here is a settlement obtainable at no greater expense than the payment of the premiums upon an ordinary life policy, without any of the outlay necessarily attending the preparation and execution of a settlement, and without troubling friends to become trustees.

The description of these Settlement Policies cannot be better given than in the words of the office itself :—

“ To meet one of the greatest wants of the day, the Norwich Union Life Insurance Society issues policies in the nature of settlements, securing a certain and direct provision for the family of the insurer.

“ Among the upper classes, no prudent head of a family sanctions a marriage of his daughter without some provision being made for her by way of settlement. When there is no actual property to vest in trustees, almost the only mode of accomplishing this object is by means of a policy of assurance on the intended husband's life, which must be assigned by deed, or otherwise vested in trustees, in consideration of the contemplated marriage. The practice is, however, not so common among the middle classes, owing to the difficulty of obtaining trustees, and the expense of the necessary legal formalities. To meet these difficulties, the settlement policies of the NORWICH UNION Office were originated, by which the directors undertake to set apart the sum assured, when payable, out of the capital of the society, upon trust for the person to be benefited.

“ The forms of such policies may be varied to meet the circumstances and wishes of the settlor.

“ They may be in favour of his wife and children, or for the benefit of his wife alone, leaving the care of the children of the marriage to her solicitude.

“They may be adapted to provide for other persons in whom an interest may be felt, or towards whom a duty may be owed.

“They may be so framed as to benefit the settlor himself, by making the sum assured payable at an assigned time.

“They present the immense advantage and security of the trusteeship of a great public institution, in the place of the result of private trusteeships, and in this respect fulfil a much-desired object previously unattainable.”

The Legislature has advanced a step in this direction by withdrawing a life insurance policy in certain cases from the control either of the husband who assures his life or of his creditors. Thus a post-nuptial settlement may, by the Married Women's Property Act of 1870, be effected. A policy declared upon the face of it to be made for the benefit of the assurer's wife or children becomes a settlement, or, in other words, a settlement policy. This is an important change in the law of England in favour of a man's wife and children, so far as creditors are concerned, because the policy forms no part of his estate. The legal effect of the change is succinctly described in the prospectus of the NORWICH UNION Society:—

“In the time of Queen Elizabeth, statutes, still in force, were enacted against fraudulent settlements, and the Bankruptcy Laws are in like manner framed to prevent them. In considering whether a settlement was made with intent to defraud creditors, it is now decided that the test of fraud is insolvency, and that a voluntary settlement will be considered fraudulent, and, in consequence, wholly void, when the settlor is insolvent at the time that it is made, or becomes so by the abstraction from his estate of the property settled. Under this Act, however, a settlement policy will not

only be upheld unless it is proved that it was originally effected with intent to defraud creditors, but where it is liable to impeachment, instead of being wholly set aside as a settlement, will be liable to a charge only in favour of creditors for the amount of the premium improperly paid in effecting it. The effect of this change would be that if a man, whose circumstances did not justify his effecting a settlement, took out a settlement policy for £5000, at an annual premium of £200, and died after two or three payments of premium, the sum assured, less the premiums paid, would be secured to his family.

“When the policy is effected previous to, and in consideration of marriage, this question of fraud cannot, of course, arise; the wife and children will be entitled as before as purchasers for valuable consideration.”*

As it appears that the settlement policy entails no greater expense than an ordinary life policy, and is effected on payment of the ordinary life premiums, it answers the double operation of an ordinary policy and the settlement of that policy by deed, but with the complete saving of the expense of the deed. It might be thought (say the society) that this would render the instrument unpopular with the legal profession, but such is not the case. Many solicitors have recommended settlement policies to their clients, and the first that was ever issued was to a solicitor for the benefit of his own wife and children. The expense of probate is entirely saved by this settlement policy.

* This policy has its disadvantages. It is withdrawn from the control of the husband, and he cannot offer it as a security, or borrow money upon it if a sum should be wanted for a temporary purpose.—Ed.

The Married Women's Property Act also provides that a married woman may effect a policy of insurance upon her own life, or the life of her husband, for her separate use, and, if it be expressed on the face of the policy to be so effected, it will enure accordingly. The Act declares that the contract in such policy shall be as valid as if made with an unmarried woman. These enactments are of great public benefit, and ought to give a wide extension to the practice of life insurance.

The MUTUAL, a safe and prosperous office, led the way in adopting the plan of an *annual* division of profits. A great inequality, not to say injustice, in the opinion of the directors resulted from the usual system of dividing profits at fixed periods, varying from five to ten years. If an assured life falls in only a day before the stipulated period, the family of the member are deprived of large accumulations to which he had been contributing for many years, and to a proportion of which his family might fairly consider themselves to be entitled, in common with the families of those members who survived the period of division. The remedy, in the majority of associations so dividing profits, as we have seen in the case of the EQUITABLE, is to allot an intermediate addition in case of death in the interval. By the *annual* division of profits however, every assurer is enabled to share in the surplus to which he has contributed up to the period for which his last premium has been paid.

The Directors are careful to state that they make at the same time, by annual valuations, a proper reserve for future liabilities, and for the ordinary fluctuations of mortality from year to year.

The HAND-IN-HAND also divides its profits annually (among all members of five years' standing), and justifies its annual division by the authority of Professor Babbage:—"The high rate of premiums demanded by societies for mutual insurance, whilst it gives permanence to those establishments, is of comparatively little inconvenience to the public, as from the division of the profits amongst the members, the money which they have contributed beyond the sum necessary for the risk and expense of management, is returned to them, with its accumulations. An annual division distributes the profits with more regularity and justice than any other."—*Professor Babbage on Life Insurance.*

Among other facilities now offered to assurers, but entirely unknown in the infancy of life assurance, are various easy modes of payment.

(1.) A person contemplating the assurance of his life, may agree to pay four-fifths of the premium only, suspending the remaining one-fifth. This fifth is paid in annually on his account by the society (see CLERGY MUTUAL prospectus), and charged as a debt accumulating at compound interest, due from the assurer to the society. This debt may at any time be paid off by the

assurer at his option, and he will then begin to pay the whole, instead of four-fifths, of the annual premium, whereby his policy will become free. The more usual plan is for the assurer to "trade upon the bonus;" that is to say, he leaves the society to go on advancing the remaining one-fifth until it can repay itself the principal sum advanced and interest thereupon out of the quinquennial or other bonus. According to the experience of the CLERGY MUTUAL, the sum assigned for bonus during ten years is more than sufficient to pay off the debt with its accumulations. Should the assurer fail to live so long, the debt is of course deducted from the sum assured.

(2.) A person having paid five annual premiums in the UNIVERSITY LIFE and some other offices, may suspend the payment of HALF the premium during ten years.

(3.) A person having paid ten annual premiums may suspend the payment of the WHOLE of the premiums for ten years.

These arrangements are made to meet the case of fathers of families who may wish to suspend in part or in whole the premiums upon their policies during the period when the expenses of the education of their children become most onerous.

(4.) A correspondent of the *Insurance Record*, under the signature of "PATER," recently expressed his surprise that "educational endowments" so rarely entered into

the prospectuses of life offices. According to these policies, a man may, by payment of a small annual sum, secure to a stated child, during his school life, or some portion of it, an annuity contingent upon the child surviving the parent. Even if a father should find himself unable to make provision in this shape for every child that may be born to him, the annuities which might be so secured for the minorities of his elder surviving children could be applied by his widow to the immediate and more pressing requirements of the younger ones, and thus afford material help for the period during which a fatherless family most needs it. As the risk would be comparatively small, contemplating only an annuity during a stated term of the minority of children who might be left orphans, the premiums would be small in comparison with the benefit; and "PATER" suggested that "the peculiarities of the system are so admirably fitted to the wants of a very large class of persons, that if life offices saw fit to enter it into their prospectuses, they would probably obtain an increasing number of customers for these policies, while charging fully remunerative rates."

Another correspondent, "BON ACCORD," hereupon remarked that if the scheme of educational annuity endowments had not met with general acceptance, it was not the fault of assurance offices. "At least one office gave considerable prominence to it in their prospectus for some years, and met with so little encouragement that it

was dropped out of sight." "BON ACCORD" added that he should be glad to hear that the appeal of "PATER" created a demand for this endowment.

It should be one of the uses of a HANDBOOK OF LIFE ASSURANCE to collect and converge in one focus the scattered lights of our life offices, so that the reader may find the kind of insurance best suited to his needs and circumstances. "PATER" and "BON ACCORD" will find in the tables of the CLERGY MUTUAL, rates for educational endowments which, with some modifications, would, if more generally adopted, effect a great amount of good either alone or in combination with a policy for the whole of life. On the birth of a child, the parent wishes to effect an educational annuity so that the child may receive (say) £10 per annum on attaining the ages of 10, 14, or 18, for a term to be agreed upon. If the annuity commences at 10, and ceases at 18, the annual payment will be £6 7s. 11d.; if it commences at 14, and ceases at 23, it will be £4 16s. 3d.; if it commences at 18, and ceases at 23, it will be only £2 1s. 11d. But this table does not quite meet the case put by "PATER," because, if the child to whom the annuity is due should die previous to attaining such ages of 10, 14, or 18 respectively, at which time the annuity would begin to accrue, the money which may have been paid for such annuity will be returned. The table, moreover, assumes that the premium will continue to be paid *by some one* if

the child should live, and does not contemplate the contingency of the parent's death before the annuity becomes payable. Under "PATER'S" scheme, the parent, if he should live to see his children grow up, would not get any return for the premiums paid. His answer to such an objection is that, in accordance with the fundamental principle of life assurance, his payments will have gone to benefit persons who have been less fortunate. "A man insures his house and furniture against fire, but he does not wish to be burnt out that he may obtain satisfaction for his outlay."

One would like to see Educational Endowment Tables of three kinds :—

1. A table assuming, as in the CLERGY MUTUAL Table, that the payments will be kept up until the annuity begins to accrue, but returnable in case of the child's death before that event.
2. A table providing for the non-return of premiums.
3. A table securing the payment of the annual sum agreed upon for the term stated in the policy, but such annual sum or educational endowment only to be paid by the company in the event of the death of the parent before the annuity becomes payable.

If the parent should die before his children are of an age to work for themselves, his family would benefit by the last-named scheme, and if he lived to see them grow up, he would not grudge the company the profit they

had made. The man who insures his house and furniture against fire feels a sense of security which is worth all the money he has paid in fire premiums, and these educational endowments seem to stand on a similar footing. No doubt as the uses and advantages of life assurance become more widely known, it will be seen that these endowments are, as "PATER" points out, adapted for those fathers whose means are insufficient to allow of their holding ordinary life policies of a suitable amount, while they admirably meet the risk which the provident and careful father dreads and would fain provide for.

(5.) Another life office, presided over by a learned and eminent writer on life insurance, issues policies combining life and accident assurance. This is a feature of great value in the humbler class of policies. An ordinary policy-holder who meets with a disabling accident may probably be unable to sustain his policy, and continue the payment of his premiums, in consequence of the loss of his earnings. Here the combination of life-and-accident risk comes in, and the payment of weekly compensation during the time of disablement enables him to keep up his premiums and prevents the lapse of his policy. It is satisfactory to know that this, the only office which combines assurance against death and compensation against injury in one policy, is obtaining a large share of new business, and promises to take a high position in the assurance world.

Life assurance brings numberless blessings in its train. It has, also, its curiosities and its warnings. At a recent meeting of the Institute of Actuaries, it appeared that from time to time many suspicious cases affecting the lives of females come under the notice of our actuaries. There is, for example, the well-known case in which a young lady's life was assured in the ALLIANCE Office. She was closely questioned by the officials, but could give no satisfactory account of the step she was about to take. She was then cautioned, and reminded that if she assigned away the policy some one would have an interest in her death. The young lady's answers were still so vague that it was put to her at last, quite frankly and pointedly, that there was a possibility she might be made away with. Notwithstanding the hint, she persevered, and assured her life, not only in the ALLIANCE, but in other offices, assigning her policies to a man who, there was very little doubt, murdered her. In another case, the life of a young woman was assured by a medical man, and on her death the evidence left no doubt that her death was accelerated by the severe medical treatment to which she was subjected. About forty years ago there was a woman who had a great rage for assuring lives. In four cases known to one actuary she assured the lives of persons, and the persons so assured all died within the year. Three out of the four were females, and in one case the murderess was so impatient for the life of her

victim that only one quarter's premium was paid before the life fell in. There is again the well-known case of Palmer, the Rugeley poisoner, who assured the life of his wife to secure property she would have been entitled to if she survived her mother. After a time, he found it more convenient to realize the amount of the assurance by murdering the wife. Palmer had an insurance on his wife's life for £13,000. He owed a very large sum of money in 1854, and with the proceeds of this insurance he paid off some of the most pressing of his liabilities. He next insured his brother's life for £13,000 in the Prince of Wales's office. The brother died in 1855, and the office very properly refused to pay the assurance money. After his conviction for the murder of Cook, when exhorted by the prison chaplain to confess "for his soul's sake," Palmer replied, "If it is necessary for my soul's sake to confess this murder, I ought also to confess the others; I mean my wife and brother." Palmer never alluded to the subject again, but he had said enough.

A Frenchman who was tried for attempting to murder his wife was more fortunate. He had assured her life in the ASYLUM, but although a strong case of suspicion was made out against him, he was acquitted. It appears that insurances of a speculative character are oftener made upon the lives of women than of men, and if an office happens to have a large pro-

portion of these speculative insurances, the proportion will, it is said, influence the mortality, although there may be no real inferiority in female life, at those ages, as compared to male. It is charitable to suppose that only an infinitesimal proportion of female assurances become claims from foul play, and it appears that many female assurances are effected by struggling widows upon their own lives as security for loans. The anxiety arising from these assurances has an effect upon their health, for, as one distinguished actuary remarked, they "often spent all their substance, and died with broken hearts." It appears that under the age of 47 the female life is inferior to that of the male, while above 47 the mortality of women is less than that of men, and above 80 the excess of female vitality is remarkable. Putting the two periods together, it is found that the expectation of life is, upon the whole, greater for the woman than the man. It is, at first, rather ominous to observe that the mortality among the female lives assured in our life offices is greater than among women generally. It is necessary to remark, however, that the females assured are almost all married women—the bulk of such assurances being effected because property is settled on the lives of those women—and that female mortality is somewhat greater during the years of maternity. No doubt as women lead more independent lives, and take a larger share in the world's work, a greater number of relatives

will become dependent upon their personal exertions, and a larger proportion of assurances will be effected on the lives of unmarried women.

A vast, yet silent and unseen, revolution is in operation among the working classes. Life assurance has until lately been exclusively confined to the upper and middle classes of Englishmen. By means, however, of what is called the "industrial system of life assurance," adopted by certain offices, life assurance for small amounts is becoming so popular among working men, that signs are not wanting that the life assurance movement will permeate upwards, and receive an impetus among the higher classes from its adoption by those at the other end of the social scale. This great and beneficial work is mainly carried on by agents in London and the manufacturing districts, who go about among the working men, persuade them to effect assurances, and then call upon them every week for the premiums. A German writer in the *Versicherungs Zeitung* declares that the English Government have sustained an inglorious defeat in their attempt to enter into direct competition with the life insurance societies. The English Postmaster-General has prepared complete instructions, and indicated the post-offices authorized to issue policies of life insurance. "Every conceivable accommodation is afforded the public for the purpose of rendering assurance as convenient and accessible as possible. Premiums are made

payable yearly, half-yearly, quarterly, monthly, and even half-monthly. The minimum premium is also placed extremely low—namely at two shillings.” And yet our German critic cites figures which prove that the amount of life insurance business of our post-office is far exceeded by that of a single English life assurance society, having its central office in London, but possessing a vast organization in the provinces. The feature which has secured for this industrial life office an easy victory over the post-office is the employment of special collectors even of the smallest amounts. The account of the English industrial system of life insurance, given in the *Versicherungs Zeitung*, will be new to many of our readers :—

“ The business of the company is mainly carried on in the great industrial and commercial centres of England. The greater part of its policy-holders are mechanics, workmen, operatives, &c. At fixed times the company's messenger calls upon these people, presents his receipts, and receives the amounts due. The expenses of administration are obviously greatly increased by this method ; this expense is counterbalanced by a corresponding addition to the premiums. The working man understands perfectly well that the cost of insurance is somewhat greater with the ——— than with the rest of the companies, but reconciles himself to the outlay. He finds it greatly to his advantage to pay his premiums in

a series of small instalments, and to have the company send to his house for the money.

“The case is very different on the post-office system. On that system the policy-holder is obliged to go to the post-office, which is perhaps remote, to stand there sometimes for hours before the window, and finally, when his turn comes, to endure the indifference or insolence of a post-office official. He can transact business with the company’s messenger in different style. The messenger understands his ideas and position, belongs to the same class with himself, speaks the same language with him, and shares his joys and sorrows. The messenger serves as a living link that unites the company with its policy-holders; he keeps the intercourse between them alive, and, though at the extremity of the ramification, is not the least important part of the system. A messenger’s importance to his company is not to be under-estimated. By means of him the company is enabled to exercise a constant oversight over its members without giving the least offence. These observations are sufficient to show that the management of the ——— is peculiar, and that it is through this very feature which is peculiar to it, that it is able to rout the post-office so completely upon its own grounds.”

Does not this weekly collection of premiums exactly hit both a virtue and a defect in the character of Englishmen? We are industrious and quick at our work,

capable of persistent application to business, and receiving higher wages and better commercial and professional remuneration than the people of any country on the continent of Europe. On the other hand, we are not a thrifty race. We are open-handed, take very little care for the "pennies," with the proverbial result of disastrous consequences to the "pounds." The middle and upper race of Englishmen have the advantage over the lower classes in being kept from the vice of drunkenness by the public opinion of their class, as well as by higher tastes and resources and a more cultivated moral sense. But, if intemperance is left out of the calculation, they are as great adepts as English working men in getting through their income. They take large and liberal views of the expenditure necessary to their social position, and if the majority can pay their way and are able to keep up their life assurance policies (when they have one), they are as apt as the working classes to let the future take care of itself. The highest authorities agree that it will take two or three generations, at least, to make Englishmen as thrifty and frugal as, for example, the French and Belgians.

Now, is not this open-handed and generous Englishman, earning good wages, but spending them freely, just the man who requires friendly aids, good counsel, and, it may be, even a little compulsion, to be provident and to lay up for a rainy day? If it can be asserted with con-

fidence that the feature most useful in the present, and most hopeful in the future, of life assurance is the collection of life premiums by small periodical instalments, the question arises why it should be left exclusively to the working classes?

Annual payments are naturally preferred by the great life offices as saving trouble, and the vast majority of existing life assurances, in the offices described in the *HANDBOOK*, are kept up on this system. But people of moderate and precarious incomes alone know the heavy load of anxiety which recurs every year as the annual payment of premiums comes round. Most middle-class people would prefer to pay a little more if they could pay quarterly, or, still better, monthly or fortnightly. This may be tried by a simple test. Perhaps there is hardly a person above the rank of a working man who would not assure his life for another £100 or £200 if he saw every week at his office the collector, to whom he could hand over the shilling premium which would assure the man of thirty the sum of £100, or the florin which would bring his family £200 at his death. When, however, he is asked to add £2 6s. 4d. to his yearly premiums for another £100, or £4 12s. 8d. to secure £200, he says his annual payments are already onerous enough, and he would rather not add to them. No doubt he must pay for the increased trouble. The working man who takes out a small policy in an industrial

life office, is quite aware that he pays more than if he took a lump sum to the office every year, but under the one system he here and there insures his life, while under the other he certainly would not and does not.

It has lately been announced that the directors of a great London bank have determined that all the clerks shall assure their lives in the sum of at least £200. This is a most beneficent act of paternal despotism, for which the directors will receive, in the time to come, the blessings of many widows and orphans. The example ought to become general. The principle of weekly or monthly payments towards life assurance policies has already been adopted in the Post-Office, and by some of the railway companies. If a Post-Office clerk insures his life in the PROVIDENT CLERKS' Office, there is no prepayment of premium necessary. When the salary is due the very trifling sum is deducted and handed over to the office. The Great Western, Midland, Great Northern, and Great Eastern Railways, the Railway Benevolent Society, the Southampton Dock Company, and other public and private bodies allow the same system to be carried out, to the mutual advantage of the life office and the assured. If the reader will turn to our article on the life office in question, he will find that already HALF A MILLION has been assured with the PROVIDENT CLERKS' on this system. The directors state that "it is probable *not one shilling* would have been secured had

it not been brought within the reach of all by the means adopted by this office."

The plan is capable of indefinite extension. The best thing would be to make life assurance compulsory in large establishments, where a life policy of a certain minimum amount has not been already taken out. The next best thing would be for the directors of every bank, and the partners in every large warehouse and mercantile office in the City, to give notice that the cashier would be authorized, when requested, to deduct, weekly or monthly, as the case might be, the life assurance payment of any *employé*, and hand it over to the life office. The partners and heads of departments, although already assured, should assure for another £500, or £200, or £100, in order to lead the way, and because they would never miss the small instalments. The example would probably then become general throughout the building. It would be more convenient if all agreed to assure in the same office; and if the principal and his *employés* came to a general agreement as to the life office, he might stipulate for a seat on the Board, in order to protect their interests. Life assurance in the City might then become all but universal, and the cause of thrift would receive an incalculable impetus. When a beginning has once been made saving becomes easier, and the young clerk, or warehouseman, who has assured his life for £200 is in a fair way for putting by small sums, the interest of which

may ere long pay the annual premium without drawing upon his salary. It is an excellent rule to put by in a savings bank, or other secure investment, the exact sum paid to a life office. A man has then secured two capital sums, one payable to his family on his death, and the other available for sickness or other family emergencies during his life.

Many of the young and unmarried clerks of the bank which is about to make life assurance compulsory, may think it hard that they should be obliged to assure their lives. These, however, are precisely the assurers who will have cause hereafter to acknowledge the service that has been done them against their will. If there be a person in the world who does well to insure his life, it is the young unmarried man who has obtained permanent employment. He obtains a policy on easy, almost nominal terms. He guards himself against the risk of hereafter becoming uninsurable at ordinary rates, through the development of some unsuspected malady, or through accident in sport or travel. He has done something to steady his course as a young man, and if he thus begins to retrench from his pleasures and amusements, habits of prudence and self-denial will grow up, and he is very likely to put by the spare cash which he may acquire by a progressive rise of salary.

But the young bachelor may say, "I may never marry, and why should I insure my life?" He forgets that

there is one being to whom he owes more than he can ever repay. "As children succeed each other (said WILLIAM COBBETT), they see with their own eyes the pain, the caresses which their MOTHER has endured for, or bestowed on, them, and Nature bids them love her accordingly. To love her ardently becomes part of their very nature." When these children grow up to be young men they too often forget that they owe her something more than affection, and that their mother has a vested right in the labour of their hands or intellect. If a young unmarried man of the middle classes insures his life for £200, who has a stronger natural claim upon the reversion than the being who gave him birth, nursed him in infancy, and tended him through childhood? How often is heard from some poor widow the cry, "Ah, if my son had been alive he would not have left me to this state of want and distress!" In the order of nature, the son will survive the mother, but so long as she is spared he will have the cheering reflection that if he should be called away, and if by misfortune or family reverses his mother should be thrown upon her own resources, the little fund would not be the less acceptable because it was the bequest of a grateful and affectionate son. Who would not like to know and to help forward that large family of sons who, on coming of age, assure their lives for a couple of hundred pounds, and make their wills in favour of their mother? Unhappily such cases are rare. If they were

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more frequent there would not be so many heartrending cases of indigence and want among aged and destitute women who have brought up large families with affectionate, ungrudging, and unselfish devotion and self-denial, yet who pass the last years of their lives in cold and cheerless poverty because they have survived children who manifested no filial piety or forethought, who thought that as of old the mother was to do everything for them and they nothing for her. Young men may not think of these things; but they are not wanting in filial regard and gratitude; and if the directors of the great London bank carry their project into effect, their unmarried clerks will owe them many moments of just pride and satisfaction, arising from the consciousness of duty fulfilled. If a young man has unhappily survived both his parents, it is almost certain that he would leave behind him a sister unprovided for, a brother in his teens, or some aged or infirm relative, who would be the happier and better for his little legacy. Another class of insurances, which would meet most of the contingencies we have been contemplating, are the endowment assurances for old age, by means of which young men may secure an amount to be paid to themselves on attaining any given age; or, if they should not survive to such age, it would be paid at their decease to their representatives.

This view of life insurance in connexion with the

filial duties and obligations of young men has been rarely or never touched upon. It may fall upon some young men as a surprise—upon others, of noble and generous impulses, as a revelation. It is the more important because a due sense of the necessity of education, and the great cost of a collegiate and university training, render it exceedingly difficult, and in many cases impossible, for the parents of a large family to save money for old age. An eloquent writer in *The Times* a few years ago, writing upon this expenditure on a family, said: "That man is not really thriftless, although he may save nothing, who spends his money on his children, and gives them the best start in life he can." But this expenditure of the parents upon their children, and neglect to secure a provision for their own future, imposes corresponding responsibilities upon those who benefit from the home comforts and start in life thus given to them. Let young men consider these things, and especially remember that they have no more sacred duty to perform than to secure the most helpless of their parents against the possibility of want.

Life insurance is an indispensable preparation for wedded life, and when the young man aspires to the hand of a wife he will, if prudent, be able greatly to increase the amount of his policy. Upon his marriage, the law very properly steps in, and annuls any former will he may have made. Yet, in making another will, he will do well

to remember that he is a son as well as a husband, and continue his precautions in favour of his mother, so that her old age may be secured against the bitterness of poverty.

Secretaries and managers of great offices are understood to care little for small assurances, but the largest life office need not despise the accession of business obtained by a life policy of £200 upon every clerk in (say) the London and Westminster Bank. If the great offices refuse, there are plenty of young but well-managed and perfectly sound companies that would gladly accept the proffered business. Weekly or monthly premiums on a wide scale would render it necessary for life offices to extend their staff, but in no one department of male labour is there such a redundancy of supply. Clerks are a drug in the market, and junior clerks can be had in any number. The Postmaster-General is trying the experiment of employing young women in the savings banks and other departments, and so far, it is understood, with great success. There is nothing in the accounts of a life office, as far as weekly payments are concerned, which young women could not be trained to carry on, and the sex which gains most by the beneficent results of life assurance would be fitly employed in an economical despatch of the details.

The most serious objection to frequent periodical payments is the "loading," or extra payments, to cover

the cost and trouble of collection and separate entries. In the case of large establishments like London joint-stock banks, City warehouses, and great mercantile offices, the "loading" need not be excessive. The cashier's department would charge itself with the deduction from wages and salaries, and the clerks of this branch would be glad to keep the accounts in over-hours in consideration of receiving a small per centage from their fellow-clerks (the assurers), and another per centage in the nature of commission from the life office. These per centages together would only amount to a fractional addition to the premiums.

In working men's "industrial assurances" the "loading" is a more serious matter. If master manufacturers and other extensive employers would allow the premiums to be deducted from wages, as is done by the railway and other companies which recognize the PROVIDENT CLERKS', the matter would be simple, and the "loading" would be slight. But the industrial assurance premiums are collected by agents, who hang about the mills and workshops on pay-day, or call at the workman's house, or look him up in his favourite haunts—often, it may be, in the public-house or the skittle-ground. There are agents of burial clubs, sick clubs, and industrial branches of life offices, who work untiringly all day long and far into the night in collecting these weekly premiums, in looking up defaulters, in warning assurers in arrears that

their policies will lapse, and in recommending other workmen to take out policies. These men are paid by commission, and their returns are either made to the head agent of the district, to be transmitted by him, or else are sent direct to the central office in London, Liverpool, or Manchester. The number of agents is enormous, yet the supply is unequal to the demand. Friendly societies, medical and interment societies, and life assurance societies for the working classes are advertising every week for collectors, canvassers, and agents—"respectable and energetic men who can devote their whole or spare time to the business—commission liberal." One great industrial company in London appointed upwards of 3000 agents and 497 medical referees in the year 1874, and this company is opening up a large number of agencies in agricultural districts. The office expenditure and the commission payments of an industrial business are necessarily high, and the premiums are proportionably "loaded" so as to bear it.

The payments to burial societies are a species of industrial assurances for the lower classes, and one of these friendly societies, having its central office in Liverpool, exacts a shilling a week from a man who joins at 60 to assure £24 payable at death. To insure £96 at this rate would require a weekly payment of 4s., or £10 8s. per annum, while the *EQUITABLE* will give a life policy of £100, with profits, for a payment of £6 7s. 4d. per

annum. Thus if our working man were beforehand with the world, he would save four pounds out of ten by taking his money every year into the company's office, instead of troubling the insurance agent to call upon him every week. It is the price an Englishman pays for improvidence. A high price, no doubt, it is, but it is better to pay £10 8s. to secure £100 for his widow and orphans than not to insure at all. If, in fact, the premiums were twice as high, it would be better for a man to assure his life than to spend the money in drink and other sensual indulgences.

The "loading" on a working man's weekly premiums for his burial club or his industrial life assurance is not the only fine inflicted upon unthriftness, improvidence, and domestic mismanagement. Everything a poor man buys is "loaded" in price, because he buys in small quantities. When he sends to the grocer for an ounce of tea, or an ounce of butter, or half a pound of sugar, he pays much more than if he went into the market with money in hand and bought larger quantities. So of his rent, beer, coals, butcher's meat, and vegetables. It could hardly be expected that his life assurance would be an exception to the rule. The late Mr. Edward Denison, M.P., who lived among the population of the East End, declared that if the habit of *saving* were of common occurrence, the destitution and disease of London "would be kept within quite manageable limits." But it would

take "two generations," he thought, to effect this change. As another example of "loading," if it were worth while to pursue the subject into the region of politics and finance, might be mentioned the plan of raising taxes by indirect taxation. The direct taxes cost much less to collect, but Governments would be upset, and the framework of society would fall to pieces, if the duties on tea, alcoholic liquors, tobacco, &c., were repealed, and if our enormous revenue were raised by direct taxation instead. Thus our taxes are "loaded" because we prefer to pay them daily and insensibly. The best friends of the lower classes, leaving "higher things" apart, are those who teach them how to obtain the largest share of present comfort and future security with the least possible "loading."

But might not life insurance benefit by studying the axioms of politics, and would the directors of a life office do unwisely in borrowing a hint from the Chancellor of the Exchequer? Every expense connected with life assurance has increased except premiums. The fees paid to directors and medical men, the salaries of actuaries, secretaries, and managers, the office expenses, the commissions to agents, are all much higher than formerly, while the rate of premium alone remains unchanged, and, in the keenness of competition, the tendency is to "revise" the existing rates in the (pretended) interest of insurers. Does not the "loading," which becomes pos-

sible, and is indeed inevitable under a system of small periodical payments, offer the means of safety to offices which allow commission? We must take men as they are, and not as we wish them to be, and as Mr. Denison hoped they might become in a couple of generations. The average Englishman requires to be canvassed before he will insure his life. Some one must be paid for rendering him this service, and the agent accordingly receives a commission. The assurer would, in the majority of cases, prefer to pay the premium on his policy by dribblets, and would expect to pay something more for the trouble and accommodation. The premiums would thus carry a small "loading," which would relieve the life office of the commission and increased office expenses, and shift this burden to the proper shoulders. In country towns the proximity of the agent's residence would render it easy to call or send for the weekly, or fortnightly, or monthly payment. The more the subject is considered, the more clearly it will appear that if life insurance is to become anything like universal among the middle classes and smaller tradesmen, it can only be by the adoption, on the part of our great London life offices, of the system of "industrial assurances" and small periodical payments now in operation among the operative classes.

The General Assembly of New Zealand have passed a Government Assurance and Annuities Act, and the Government Insurance Commissioner for New Zealand re-

ports favourably of its operation. Provision is made for a special industrial branch of life insurance, the feature of which is a weekly payment of premiums, and this has been established with a view to bringing the benefits of life insurance practically within the reach of the mass of the community. The Government Insurance Commissioner says that by means of this Act—

“The State offers to every person an easy means of providing for his family, and guarantees that provision, while at the same time it relinquishes to him the profit, if any, of the transaction. The State is satisfied with the recompense which it derives from *the increase of provident habits and the decrease of destitution among its people*, and the insurer receives the more immediate advantage. The continued success of such a system is a social object of inestimable worth, and should be carefully cherished. The whole community collectively, and members of it individually, are directly interested in that success, and directly share in the gain.”

It would be beyond the scope of this work to decide between the merits of the Mutual and Proprietary Life Offices. If a reader who intends to assure his life will obtain a prospectus from one or two mutual offices, he will find it set forth that the dividends paid by proprietary companies to their shareholders are so much taken away from the savings of the assured, without any adequate benefit being received by them in return. He will also read examples to show how many hundreds of thousands of pounds have been saved to members by offices that never allow commission. On the other hand, the proprietary offices insist on the perfect security which they

are able to offer by means of their large subscribed capital. Assurers in these companies (they remind the public) incur no responsibility, run no risk, and may reckon with certainty on the terms of the policy being fulfilled to the letter. All the proprietary offices admit their policy-holders to large shares of their profits, so that the insured gain by the flourishing condition of the association. It may also be argued that the directors of a proprietary office have a greater personal and pecuniary interest in the prosperity of the society than the directors of a mutual office, and that they are likely in consequence to exercise greater care, caution, economy, and prudence in their administration.

We have endeavoured to hold the balance even between the two classes of companies. Illustrations of some of the best offices of each class will be found in these pages, and it will be for our readers to decide in favour of a mutual or proprietary office. Many will be guided by the character and reputation of a given office; while others will compare the premiums demanded, the conditions of the policy, the security which the society holds out, the bonuses it declares, and, if possible, the principle on which those bonuses are ascertained. There are proprietary offices which offer every reasonable advantage in the way of bonuses, and mutual offices which more than fulfil every condition of security. It is of less consequence that the premiums should be high, because

the assurer will not fail to share proportionately in the profits.

No one will rise from the perusal of our HANDBOOK without feeling an almost superstitious reverence for the power of COMPOUND INTEREST. A life office has been correctly described as a savings bank yielding interest, and interest upon interest. "This is the reason why an office which charges for its insurance more than it is worth as an insurance, may nevertheless put its contributors in a better position than they could have held if there had been no such institution. All expenses paid, an investment society can realize (apart from a bonus) $3\frac{1}{2}$ per cent. per annum compound interest. Hence £1 improved during the average life of an individual aged twenty years, would become £4 5s."—*Scratchley on Life Assurance.*

A more important advantage in life assurance is the equalization of life, and the certainty that if a man dies the day after the payment of his first premium his executors will receive the stipulated sum within three months after his death. In most cases his family will thus be as amply provided for as they would be by his accumulations if his life were preserved to the ordinary duration. When the lives of assurers are prolonged beyond the ordinary term they are not losers. They then merely pay for a security which they could not in any other manner have enjoyed.

The advice of the late CHARLES DICKENS should always be remembered :—

"Be assured. Whether you are thinking of the safety of your life by land, or by railway, or by sea, or of the unbroken condition of your arms and legs, or of the maintenance of general health, or of comfort and competence in your old age, or of the interests of wife and children when you may be no more, or for a provision for your boy when he reaches the apprenticing age, or of the happy marriage and the wedding portion of your little Mary Anne, one day to be, you hope, a blushing bride, now a tiny prattling fairy of two or three years—never mind the subject matter—

"BE ASSURED!"

One passage more, and it will be a quotation from an eloquent speech, made by the Rev. Dr. GILLAN, at the recent meeting of a Scottish life assurance company :—

"I commend such institutions, because I see in them the centre point or germs of many of the higher virtues which adorn the man and the Christian. Among these, self-abnegation stands out the most prominent. Narrowness is banished, and liberality takes its place. In many cases of life assurance restraint is placed on individual inclination. Domestic privations are often submitted to, which the unselfish most admire; and where luxuries or superfluities are denied for this purpose, a blessing is safe to rest on what remains. This is the highest sentiment which can inspire the breast; and what can be more touchingly indicative of genuine, generous affection than the adoption of such a course? Whatever is contained in your policy is secured for the benefit of others. It is a provision for your nearest and dearest, when you can provide for them no longer. It is to ward off the horrors of poverty, and, humanly speaking, to render destitution impossible. To vindicate the neglect of such a precaution on the plea of plenty while living, cannot be admitted. On the contrary, the more comfortably the family are kept, the greater the cruelty of leaving them to the cold charity of an unfeeling world. The greener the pasture now, the more dreary will the desert

be then. Such exercises of self-denial cannot go without their reward. Conscience will give it now, and the respect of your neighbour will attend it. The testimony of the inward approver will smooth the pillow of death, and assuredly it cannot but help our preparation to meet that Great and Beneficent Being of whom it is written that, 'He relieveth the fatherless and widow.' On these accounts, and with this aspect of the case before us, let me invite all, but specially invite young men, according to their position and ability, to cast in their lot with those who are laying up a good store against the time to come, whereby their memories will be blessed by those they may leave behind them."

We have from time to time, in London, Conferences on poor laws, prison discipline, charity organization, and other subjects of a social and benevolent character. Has not the time come for a Conference of the friends and supporters of Life Insurance? It has been well observed that "not only are the numbers of the population at large yearly increasing, but the materials for assurance are themselves gradually changing, and will do so as long as the world lasts. For each year new lives are born, new lives come of age, new lives have commercial transactions, or marry, and require policies of assurance." The justification of a Life Insurance Conference would be (1) the neglect of life insurance by nineteen out of twenty of the classes to whom it would bring priceless benefits; and (2) the flood of light thrown on the subject by the modern system of industrial insurances, carried on through the agency of societies and institutions appealing exclusively to the working classes. A few years ago Mr.

Arthur Scratchley, an eminent and far-seeing actuary, wrote :—

“That altogether scarcely a quarter of a million of persons should have been assured in the United Kingdom—when the population is at the present time near 30,000,000, and is increasing at the rate of more than 250,000 lives a year—is conclusive evidence, either that the public do not yet fully understand the advantages arising from the assurance system, or that the majority of existing companies, *from the manner in which they conduct their business, do not meet the practical requirements of the people.*”

The extension of life insurance in the United States and Germany has been far more striking than in Great Britain, and Germans and Americans would, it might be hoped, attend such a Conference, and contribute valuable information. The operations of life insurance societies in Australia, Canada, and New Zealand, would be equally interesting to the English public. Above all, philanthropists and benevolent employers who are watching the system of weekly collections and weekly payments in connexion with industrial assurances would give us the result of their observation and experience, and tell us whether life assurance in England can be made universal in any other way. Employers of labour may point out how, in great manufacturing establishments “loading” may be reduced to a minimum ; and lessons of thrift and prudence, in regard to the yearly prepayment of premiums, would be learned on every hand. Mr. Scratchley gave it as his deliberate opinion, fifteen years ago, that our

insurance companies have too much restricted their efforts "to making an impression upon the minds of the middle and higher classes, and even there they have only partially succeeded in their object." He also said, with equal emphasis, that our existing life offices "*have failed to a considerable extent in their mission,*" and that "*hundreds* only have been assisted where *tens of thousands* have suffered."

The Friendly Societies Act has just come into operation, and a more favourable moment could not be imagined for discussing life insurance in its newest phase and in its popular aspect. The hard-working mechanic and small country tradesman are beginning to see that life insurance affords them incalculable benefits within the reach of their narrow resources, and our London life office managers and skilled actuaries could not be more usefully employed than in guiding and aiding the new movement by words of counsel, sympathy, and warning. Such a Conference would give an immense stimulus to life insurance throughout the country among all classes, and would probably do much towards removing from our societies the heavy reproach that they do not at present "meet the practical requirements of the people."





EARLY LIFE ASSURANCE.—THE EQUITABLE SOCIETY.

LIFE Assurance had its beginning in this country, and the honour of the earliest attempts to carry it into practice belongs to the ancient guilds of the City of London. The guild, or “mystery,” of the Mercers established the first known life assurance office, upon calculations based on the labours of another city company, at present extinct, that of the Parish Clerks. It is rather curious to reflect now upon the strange fact, that up to as late a period as the commencement of the seventeenth century the people of civilized England, as well as all the rest of the world, were utterly ignorant what the population amounted to, an enumeration at any time being not so much as thought of, and no account being kept of the number of births and deaths. Oliver Cromwell, it is said, contemplated a census of the population of England, but his followers objected to it on religious grounds. They pointed out that the “numbering” of people was expressly forbidden in the Bible, looking to the 21st chapter of the First Book of the Chronicles, which begins, “And Satan stood up against Israel, and provoked David to number Israel,” and goes on in the

second verse, "And God was displeased with this thing, therefore He smote Israel." There cannot be much doubt that it was this passage in the Scriptures which had a powerful influence towards preventing the taking of a census, and it interfered, probably, also with the establishment of a general registry of births and deaths, which latter was ordered as early as 1538, in the reign of Henry VIII., by a number of "injunctions" of the Privy Council, directed to the clergy of England. But few of the clergymen upon whom the duty was laid of entering the names of all individuals baptized and deceased in parish registers, carried out the order, and for a long time the only district where this was effectually done was the City of London. The initiative of registration was taken here by a guild of old standing and great influence, the Honourable Company of Parish Clerks. It was a company distinct in origin and organization from all other City guilds, being composed, as described by Stowe, "of men and women of the first quality, ecclesiastics, and others," taking an interest in the cultivation of art and literature, and a leading part in the performance of the old miracle plays. The Company of Parish Clerks collected, from about the year 1582, with painstaking care, weekly accounts of all the baptisms and burials within the City limits, and placed them in their hall, in Wood Street, Cheapside, for the use of any member desirous of inspecting them. Ten years later, the Parish Clerks went a great step further in the notable work they had undertaken, by publishing these accounts. On the 21st of December, 1592, the guild issued the first of the weekly series of their accounts, which soon became famous

under the name of "Bills of Mortality." The bills were the first stone laid for the future edifice of life assurance.

The "Bills of Mortality," printed from and after the year 1625, were in great request by the citizens, and found many intelligent readers and students, who from them derived a clearer understanding than had ever before existed, of the regular tidal wave of human life and death. Among the students of the "Mortality Bills," there were two whose examinations of them led to notable results: the first, Mr. John Graunt, a haberdasher of Birchin Lane, and member of the Common Council of the City; and the second, the Rev. Dr. William Assheton, incumbent of the old City church of St. Antholin. The worthy haberdasher of Birchin Lane, a remarkable man in several respects, published, in the year 1661, a small quarto volume, entitled "Natural and Political Observations upon the Bills of Mortality," in which are to be found the first attempts to trace the statistical laws of births and deaths, or, indeed, in which there is shown a desire to admit the existence of such laws. There occurs the pregnant remark in Mr. Graunt's "Observations," that, as far as he had figures to calculate upon, there had been in one year "seventy born to fifty-eight buried." It was much to get at this knowledge, even if only approximate, and unverified on a large scale, and thoughtful men could not but be struck by its publication. The fact, thus brought before the world by Mr. John Graunt, greatly impressed, among others, the Rev. Dr. Assheton, and he built upon it a remarkable scheme—nothing less than the formation of a life assurance institute. The idea, at first vague, but taking

shape gradually the more he pondered over it, took hold of the incumbent of St. Antholin, that if a sufficiently large number of men could be got together to pay a given annual subscription, the family of each might, at the death of any one, receive a fixed capital sum, quite independent of the length of time during which the subscription had been paid. Being firmly persuaded of the existence of unvarying laws of life as of death, under which a number of men will only die within a certain time, although a single individual life may end at any moment, the Rev. Dr. Assheton energetically pushed forward his life assurance plan, submitting it in turn to the most influential men in the City. He first laid it before the Corporation of the Clergy, who gave it very careful consideration, but in the end refused to lend any assistance in carrying out a scheme that seemed to them startling in its novelty. The next step of the incumbent of St. Antholin was to address the directors of the Bank of England; but the latter were still less willing than the clergy of the City to proceed upon possibly dangerous innovations, and at once peremptorily dismissed Dr. Assheton's proposals. Having made several other unsuccessful efforts, he at last went to the first of the City companies, the "Mystery of the Mercers." Almost unexpectedly, the great guild at once signified their approbation of the scheme, and at a general court, held on the 4th of October, 1699, it was decided to establish a life assurance and annuity association, on the basis of the plans submitted by the incumbent of St. Antholin. The date marks the establishment of the first life assurance company.

The assurance company of the Mercers, after existing for forty-six years, broke down deeply in debt, having proved a complete failure, notwithstanding the vast resources at the command of the great City guild. The cause of the failure was simply the want of proper materials for measuring insurance risks. Dr. Assheton had calculated his premiums far too low, and making, besides, scarcely any distinction as regards ages and the state of the health of those admitted, it was impossible that his institution could be kept solvent for any length of time. The net result of the premature attempt in life assurance of the Mercers was concisely put forward in a petition made by them to Parliament, in which they asked for Government assistance. It was stated in the petition of the Mercers, "That in Michaelmas, 1745, they found themselves indebted in 100,000*l.* and upwards; that the annuities they were then liable to pay amounted to 7620*l.* per annum, and that the subscribers for annuities in expectancy amounted to 10,000*l.* a year more, while to answer these claims the whole of their income only amounted to 4100*l.* per annum." Fortunately, Parliament took a generous view of the matter, and an Act was passed granting to "The Commonalty of the Mystery of the Mercers" the sum of 3000*l.* per annum towards liquidating their assurance debts, the grant being for a term of thirty-five years, recoverable from the duties on coals. Under this assistance the great guild, always under excellent management, soon retrieved its losses, remaining as rich as ever, after paying in full every man, woman, and child interested in their assurance undertaking. So far all went well; neverthe-

less, it was not to be expected that others should soon desire to follow in the steps of the Mercers, and more than half a century had to elapse before there came a new assurance institute before the world. It was in the year 1706 that the Mercers found a successor in the Amicable Insurance Society, established under a charter of Queen Anne, granted to Sir Thomas Allen and the Bishop of Oxford. Sir Thomas Allen, a diligent student of the "Bills of Mortality," had drawn from them the fact that there occurred every year one death among every twenty inhabitants of London, and it was on this pivot of knowledge that he founded the Amicable Society. Notwithstanding that the whole system upon which Sir T. Allen's institution was arranged was very crude, true mortality statistics being as yet unknown, it nevertheless succeeded, though on a very small scale only. The Amicable Society dragged on a faint but healthy life for a whole century and a half till the year 1866, when it was absorbed by the Norwich Union Life Insurance Society, established in 1808. There started in the wake of the Amicable, attracted by its success, a host of life assurance societies in the early part of the eighteenth century; but all of them, except two, perished after a more or less short and inglorious existence. The only two survivors of the period are the Royal Exchange Assurance Corporation and the London Assurance Corporation, both established in 1720, under a charter of King George I. These two ancient and honourable corporations devoted themselves from the commencement more to fire and marine than to life assurance, and to this day their business is far greater in

the first two than in the last-named department. Forty years more had to go by before the gradual development of statistics, and a real insight into the conditions of life and death, made the existence of securely-founded offices for the assurance of lives possible. The epoch, when arrived, was marked by the establishment of the Equitable Life Assurance Society, the oldest purely life office, as well as the oldest on the mutual principle, now in existence.

The Equitable Society, or, as originally styled, "The Society for Equitable Assurances on Lives and Survivorships," was established by deed in the year 1762, and in 1765 was enrolled in the Court of Queen's Bench, under the provisions of the law upon companies. When the Equitable was founded, a fair knowledge of the laws of life had come to prevail, many eminent men having devoted themselves to make researches into this formerly mystical subject, and the consequence was the existence of "life tables" showing the probabilities respectively of the prolongation of life, and of death at any given age. Taking advantage of the fullest information which the age offered, the founders of the Equitable Society revolutionized life insurance by introducing into it, for the first time, a scale of premiums graduating according to the age of the assured. Simple as this provision now seems, and absolutely indispensable to the existence of any assurance company, it had not been thought of by the predecessors of the Equitable; and to the founders of the latter, therefore, was left the advantage, together with the responsibility, of building up the whole system of life assurance on a new and correct basis. The builders did their work not only well, but did it to perfection.

From the date of its establishment in 1762 till this moment, a period of one hundred and thirteen years, the career of the Equitable Society has been one of constant and unchequered prosperity. It was one of the main objects of the founders of the institution, expressed in the earliest prospectuses, to secure the benefits of life assurance to "great numbers of persons in particular situations of life and circumstances of fortune," and this object has been so well fulfilled that, according to the latest report, the society has, in the long course of its existence, paid away upwards of twenty millions in claims, and, over and above them, fourteen millions and a half in bonuses, the bonuses being equal, on an average, to an addition of about 75 per cent. on the sum originally assured. The advantages of the application of the mutual principle in life assurance have, indeed, never met with more striking illustration than in the career of the Equitable Society. Every ten years there is a division of profits, and every ten years each individual member finds himself, or herself, so much richer by bonus additions, while, at the same time, the society itself gets richer too. The last decennial profit division took place in December, 1869, when the clear surplus fund amounted to no less than 1,741,019*l.* Of this total the sum of 1,555,359*l.*, or two-thirds, was, in conformity with the regulations of the society, appropriated to bonus additions, while the remaining third, being 585,680*l.*, was added to the reserve-fund, or the capital of the society—in other words, retained for future distribution. On the 31st of December, 1874, the total capital of the Equitable Society amounted to the huge fortune of 4,106,510*l.*,

the whole securely invested in mortgages and in the public funds, and producing an annual income of about 174,000*l.* The annual premium income of the Equitable Society has risen within recent years to upwards of 153,000*l.*, so that the total revenue of the as ancient as wealthy establishment mounts up to more than a third of a million sterling. It is the pride and the boast of the Equitable Society that the riches it possesses have been earned by the greatest economy in working expenses, which do not amount to more than $2\frac{1}{4}$ per cent. of the annual income, and to the non-employment of agents, or allowance of "commission." It is stated by the directors that "the vast importance of non-payment of 'commission' is exemplified by the fact that the enormous sum of two millions has thereby been saved to the society and divided among the assured." Needless to say that gigantic million-saving like this can only be that of institutions rooted as firmly as the Equitable Society—a century deep in the ground.*

* The actuaries of the Equitable have naturally occupied the most distinguished place in their profession. Mr. William Morgan (nephew of the well-known Dr. Price) was appointed actuary on the 16th of February, 1775—over a century ago—and retired on the 2nd of December, 1830, having filled the office for no less than fifty-five years! His son, Mr. Arthur Morgan, succeeded him, and discharged the duties for forty years. He may be said to have died in harness, for he retired on the 5th of March, 1870, only five days before his death. Mr. John Ware Stephenson, the present actuary, was elected as his successor. Mr. Stephenson entered the service of the society in the year 1837, and during the thirty-eight years which have since elapsed he has filled the offices of actuary and assistant-actuary for upwards of twenty-three years. These three well-known names thus supply the actuarial history of the Equitable during more than a century.



THE LONDON ASSURANCE CORPORATION.

THE London Assurance Corporation, and the Royal Exchange Corporation, whose charters were granted at the same time by King George the First, are the two oldest life assurance institutions now extant. For reasons stated in the previous chapter, however, we have given the place of honour to the Equitable as the oldest purely life office, and one of the greatest now in existence. The Amicable, originally established in 1706 under the title of "Society for a Perpetual Assurance," is older than any of the three, and its history, which must be told hereafter, forms one of the most interesting chapters of life assurance. The Amicable was amalgamated in 1866 with the Norwich Union, and its absorption and withdrawal leave the two great twin corporations at the head of the list of life offices in regard to chronological precedence.

The London Assurance and the Royal Exchange Companies both arose in the time of the memorable South Sea Bubble, and the two companies had to fight hard for a couple of years to obtain their charters. The

Amicable Society waged a fierce battle in defence of its monopoly, and the wordy warfare between the rival companies was not unworthy of the Eatanswill editors immortalized in "Pickwick." The Amicable, having reached the mature, if not venerable age of fourteen years, denounced the new competitors as young upstarts, having no claim whatever to public confidence and support. The new companies retorted by describing the Amicable as "old, crippled, lame, and supine—a tottering, bald, spindle-shanked, horn-eyed old vagabond." "Other times, other manners!" Imagine the grave and dignified gentlemen who now form the boards of the two corporations resorting to such language against a rival company! The Amicable nicknamed the Royal Exchange "Onslow's Assurance," and the London Assurance "Chetwynd's Bubble;" and the fact that "Onslow's Assurance for Marine Risks" was merged in the Royal Exchange, and that "Chetwynd's Marine Assurance" was amalgamated with the London Assurance, warrants the inference that Mr. Onslow and Mr. Chetwynd promoted the new companies in order that the latter might "take over," to use the modern term, the private undertakings carried on by those individuals respectively.

The promoters of the London Assurance and Royal Exchange knew that the battle was not to be fought by hard words alone. They subscribed their money and spent it freely—some said in bribing persons in office. One of the directors of the Amicable did not hesitate to assert that large sums had been illegally expended by Mr. Onslow, Mr. Chetwynd, and their friends, in obtaining

charters, and that the Attorney-General of the day did not disdain to take their money in consideration of giving them his official recommendation. The charge created so much scandal that the House of Commons appointed a committee to make inquiries concerning various "petitions for companies for insurance and annuities." The committee heard evidence which established the existence of a good deal of bribery all round, and no little curiosity prevailed to know whether the Attorney-General would come out of the ordeal unscathed. Thus, one witness deposed that he, with others, went to the chambers of the Attorney-General, and, having obtained admission to his inner room, told him they had come to bring his fee. "What do you come here for?" inquired the Attorney-General, with real or assumed indignation. "Why do you not leave the fee with my clerk?" They replied that it was a weighty matter, which could not well be left with the clerk. The Attorney-General relented on hearing the matter put before him in this humble, yet business-like way; he listened to reason, took the fee they brought him, and promised to do his best. The Attorney-General, before the committee, put a bold face on the matter. He had accepted his fees, but only his fees, and defied his opponents to prove the contrary. The committee reported in his favour to the House of Commons, being of opinion "that the Right Hon. Nicholas Lechmere (His Majesty's Attorney-General) had discharged his trust in the matters referred to him by His Majesty in Council, with honour and integrity."

Still the charter was not gained, and the promoters of

the two companies, instead of bribing Government officials and gaining over the Crown lawyers, at length resolved to bribe the Government itself. The time was favourable. The Imperial Treasury was at a low ebb. There had been a change of Ministry, and the House of Commons had been prorogued without making provision for the arrears in the Civil List. The London Assurance and Royal Exchange accordingly approached the throne, and humbly asked permission to offer His Majesty a grant of 600,000*l.*, in the hope that he would be pleased to affix his signature to their charters of incorporation. His Majesty's Ministers represented how acceptable the money would be, and advised the King to take the money and sign the charters. The proceeding was open to considerable objection, for it was really selling a monopoly. However, Mr. Aislabie, then Chancellor of the Exchequer, presented a Royal Message to the House of Commons, from which it will be seen that the charter granted a monopoly for marine and fire insurance, and said nothing about life assurance :—"His Majesty (read the Royal Message) having received several petitions from great numbers of the most eminent merchants of the City of London, humbly praying he would be graciously pleased to grant them his letters patent for erecting corporations to assure ships and merchandise, and the said merchants have offered to advance and pay a considerable sum of money for His Majesty's use in case they may obtain letters patent accordingly. His Majesty being of opinion that erecting two such corporations, exclusive only of all other corporations and societies for assuring of ships and merchandise, under proper

restrictions and regulations, may be of great advantage and security to the trade and commerce of the kingdom, is willing and desirous to be strengthened by the advice and assistance of this House in matters of this nature and importance. He therefore hoped for their ready concurrence to secure and confirm the privileges His Majesty shall grant to such corporations, and to enable him to discharge the debts of his Civil Government without burdening his people with any aid or Supply." On the motion of Sir Robert Walpole, the "most dutiful Commons" waited upon His Majesty with an address of thanks "for communicating the application from an insurance company," the same being held "an instance of so much condescension as deserved the highest return of duty and thankfulness." The charters of the London Assurance and the Royal Exchange Companies thus obtained the Royal Signature on the 22nd of June, 1720.

The two companies found that they had promised rather more than they could perform. The sum they had contracted to pay was, however, only due by instalments, and in the intervals of payment murmurs were heard from the shareholders that the charters did not allow the companies to carry out the business of insurance in all its branches. When, moreover, the charter was granted, speculative inflation was at its height. New companies started up every day under the countenance of the Prince of Wales and the nobility. The capital proposed to be raised to carry out the different bubbles afloat amounted to three hundred millions. But in the autumn the reaction set in. South Sea Stock fell from

1000*l.* to 150*l.*, and there was great difficulty in raising the money promised in return for the charters. A new charter was granted, dated April 29th, 1721, by which special powers were granted to the London Assurance and the Royal Exchange to assure lives. At length Sir Robert Walpole, thinking that the State had after all made rather a hard bargain with the two companies, absolved the shareholders of each association from paying such amount of the promised 300,000*l.* as had not then reached the Treasury. The shareholders thankfully accepted the remission. About half the promised amount had been paid, so that, as nearly as can be ascertained, the sum paid by each corporation for its charter amounted to 150,000*l.*

The bursting of the South Sea Bubble was fatal to a host of minor schemes, and no doubt severely tried the stability of our two insurance companies. Their general marine and fire business was anything but extensive for many years, and they did little or nothing in life assurance. The Royal Exchange issued a few policies for a single year to persons under forty-five, at the uniform premium of five per cent. The London Assurance, in the absence of properly-constructed tables of mortality, found no profit in life assurance, and the directors threw all their energy into the development of marine and fire insurance. They were burnt out of their own offices in 1748. A terrible fire, which broke out in Exchange Alley on the 25th of March, and burnt a hundred houses, destroyed the offices of one corporation and left the other untouched. The Royal Exchange offices were then on the first-floor of the Exchange building, which escaped, while the house

tenanted by the London Assurance was consumed, although most of the papers and securities were saved. The great conflagration had the usual effect of giving a great impulse to fire insurance business in the metropolis and elsewhere, and the directors of the London Assurance Corporation profited by the event to build themselves new and far handsomer offices. They also established a body of firemen and engines for the protection of the houses insured in their office. This early fire-brigade had attached to it a species of salvage corps, in the form of a body of porters, whose duty it was to remove furniture and merchandise from houses on fire, and to watch and take care of the property. These porters were clad in a green uniform, and as each had a badge on his arm, representing Britannia with a harp, they became, in the absence of policemen, a "feature" in the City, and helped to bring insurers against fire to the enterprising directors of the London Assurance. We think we could mention more than one board of directors of old-established companies of the present day who discharge their functions in so humdrum and perfunctory a manner that they might take a lesson from the London Assurance Board *tempo* George the First and Second.

The time for life assurance had not yet come, but when the founders of the Equitable introduced into it for the first time a scale of premiums graduated according to the age of the assured, life assurance began to take root in England. The older offices were the first to derive advantage from the revolution effected by the Equitable. When our directors found their life business increasing, the question, after the lapse of years, arose,

how to divide the expenses among the life, fire, and marine branches of their business. They found that it was by no means easy to apportion the expenses fairly and satisfactorily among the life policy-holders, and they therefore adopted an arrangement under which, in consideration of receiving a fixed per centage of the gross profits of the life assurance business, the corporation bears all the expenses of its management. This is an advantage almost peculiar to this corporation, and, in the words of the directors, "the value of this arrangement will be appreciated when it is observed how seriously the increase of these expenses of late years has affected life assurance companies." The bonus to the assured is, of course, hereby increased, in proof of which it may be mentioned that, for the last quinquennial period, the cash bonus amounted to more than 25 per cent. of the premiums paid during the preceding five years.

In the Board of Trade Returns for 1873, the amount of premiums is given at 158,824*l.*, and the amount of the life and annuity fund is given at 1,448,498*l.* The rate of interest is set down at 4·6. The number of premiums which the corporation has in hand to meet its liabilities is given in the official returns as 9·8, the London Assurance being in this respect thirty-third on a list of ninety-four life assurance offices.

A tradition is handed down in the London Assurance Corporation, as in the Royal Exchange, that, when a director was nominated upon the house-list of the Bank of England, he used to think it necessary to resign his seat at the board of the corporation. This practice, if it ever prevailed, exists no longer. Several directors of the

London Assurance Corporation have been Bank directors, and the deputy-governor, Mr. Mark Wilks Collett, is at the present moment a director of the Bank of England. At the earliest date to which our information extends, Mr. Hardy, a writer on life assurance, was actuary of the corporation for eleven years. The next actuary was Mr. Ingall, who, on his retirement in 1861, was succeeded by Mr. Arthur H. Bailey, the present actuary, who, after passing the examination of the Institute of Actuaries, was elected a Fellow of the Institute. Mr. Carr, of the London Assurance Corporation, and Mr. Philip Scoones, the manager of agencies, have also been elected, after examination, Fellows of the Institute of Actuaries.

The London Assurance Corporation is one of those mixed proprietary life, fire, and marine assurance offices which is, without perhaps due foundation, supposed to attach more value to its other business than to life assurance. Nothing is easier for the directors, if they repudiate this belief on the part of the public, than to throw a little more life and enterprise into their life assurance business.





THE ROYAL EXCHANGE ASSURANCE CORPORATION.

THE great fire of 1838, which burnt down the Royal Exchange, and was seen twenty-four miles round London, destroyed many interesting documents relating to the early history of the Royal Exchange Assurance Corporation. We know, however, from the statutes of the realm, that His Majesty George the First, in consideration of the sum of 300,000*l.*, granted a charter to the Royal Exchange Corporation in the year 1720, and we have already described the circumstances under which this charter was granted. We have also, in a former article, adverted to the fact that this ancient and honourable corporation, up to a recent period, devoted itself more to fire and marine than to life assurance. Its great traditions, however, seem to invite its influential directory to remember that, more fortunate than Alexander, there is still another world for them to conquer. Although the Royal Exchange Assurance already occupies a high position among life assurance companies, it can offer such undoubted security and so many advantages to policy-holders, that it has only to "lay itself out" for life assurance business

to become even greater in life than in fire and marine business. There is hardly a life office in London that seems fully to realize how few individuals have as yet embraced the great advantage to be derived from life assurance. A few years ago it was ascertained that, out of the many English families dependent entirely upon the mere life-income of a parent or husband—that, in fact, out of upwards of thirty millions of people in the United Kingdom—not more than 250,000 persons were assured (excepting, of course, the members of mere benefit clubs, which mainly provide against sickness). Moreover, a large number of the policies effected in assurance companies are taken out merely as security in matters of business, and not as provisions for families. Directors of life assurance societies should take these things to heart, and remember the beneficent position in which they stand towards a family when they have induced the father or the husband to provide for its future welfare against the uncertainty of his own life.

It is difficult for an Englishman of Queen Victoria's time to project himself into the reign of the first George. The discoveries of one age become the common property of the next generation, and the truisms of a third. If one of the earliest directors of the Royal Exchange had met the average Englishman of his time in front of the Royal Exchange in 1720, he might have said: "Assure your life with us. The advantages I offer you are immediate, evident, and most important. The moment you have effected your assurance and completed your first payment, however small, you will have secured the full object of your wishes. For, should you die, the next moment

your family will be entitled to the whole amount assured." How trite this seems to us! How surprising it would have appeared to the Englishman living at the early part of the last century!

The handsome payment of 300,000*l.* took the Royal Exchange Corporation out of the region of bubble companies (it was the era of the South Sea Company), and, as we have seen, procured for the new corporation great respect and attention from the Government and Parliament of the day. The Royal Exchange Corporation usually dates from 1720, but it was in fact founded by the leading merchants of London in the year 1717, and was incorporated by charters of His Majesty George the First, dated June 22nd, 1720, and April 29th, 1721, respectively, for granting Sea, Fire, and Life Assurances. It required no less than three Acts of Parliament to give the Royal Exchange Assurance a fair start. In 1719 the directors obtained an Act giving them authority for the charter. In 1720 they obtained an Act described as "the Release of Certain Payments," and in 1721 another Act, recited as "Release from Double Damages." In 1801, *tempo* George III., they obtained an Act to insure inland vessels, and the directors thereupon applied themselves with renewed success to the business of marine assurance. They next came before Parliament in the reign of George IV., when they obtained an Act, in the year 1825, to enable them "to advance money on freehold and other properties." Their last appearance in Parliament was in the reign of her present Majesty, when, in 1854, the Royal Exchange Assurance Corporation obtained a Consolidation Act.

The conflagration at the Royal Exchange, which for the time burnt out the great Life, Fire, and Marine Office, could not destroy the tradition which had for so many years associated its management with that of the Bank of England. There was at one time a "popular delusion" that a director of the Bank of England could not become a director of the Royal Exchange Corporation, and *vice versâ*. But this belief in time yielded to the hard and stubborn fact that the Bank recruited itself from the corporation and the corporation from the Bank, and that not a few City magnates were nearly as proud of one distinction as the other. In 1842, Mr. Thomas Tooke, F.R.S., author of the "History of Prices," was governor of the Royal Exchange Assurance Corporation. Sir J. W. Lubbock, an eminent mathematician and astronomer, father of the present M.P. for Maidstone, was also a director. So was Mr. E. H. Palmer, a director, and formerly governor, of the Bank of England. The present directors of the Bank of England are strongly represented, either by themselves, their partners, or relatives, at the ancient establishment over the way. Mr. C. Hermann Goschen, brother of the M.P. for the City, is a director of the Bank of England and of the Royal Exchange Corporation. Mr. H. R. Grenfell, director of the bank, is nearly related to Mr. C. S. Grenfell, of the Royal Exchange Corporation. Mr. Kirkman Hodgson, M.P., is a director of the Bank, and Mr. J. Stewart Hodgson is governor of the Royal Exchange Corporation. Mr. H. L. Holland is a director of one board, and Mr. Wilmot Holland of the other. The Right Hon. J. G. Hubbard, M.P., is a director of the Bank, while his

son, Mr. Egerton Hubbard, M.P., is on the board of the Royal Exchange Assurance. Mr. C. F. Huth is a director of the bank, while Mr. D. Meinertzhagen, a member of his firm, gives the Royal Exchange Corporation the benefit of his large commercial connexion. The board of the Royal Exchange Corporation is thus in every sense strong in its high character and integrity.

The Royal Exchange Assurance Corporation is, of course, a proprietary company, and as its ordinary balance-sheet includes sea, fire, and life assurances, it is somewhat difficult to trace its life business, with which we have alone to do. The last half-yearly balance-sheet for sea, fire, and life assurances and annuities shows that the total assets amount to nearly four millions (3,792,082*l.*) The life assurances in force on the 31st December, 1870, including bonus additions, amounted to 4,562,550*l.*; the life assets at that date were 1,729,626*l.* Twenty-nine years ago the bonus system was adopted by the corporation, and the bonus table on policies of that standing may be quoted as an example of careful and prudent management. Thus, a man aged thirty, assuring his life for 1000*l.*, received a bonus in 1865 of 331*l.*, and a further bonus of 50*l.* in 1870, making a total addition of 381*l.* A person aged fifty-five, assuring his life for the same sum, received in 1865 a bonus of 499*l.* and a further bonus of 104*l.* in 1870; total addition, 603*l.*; and so on. Another bonus table, calculated on the same data, shows how gratefully to the assured the bonuses are applied towards the further diminution and ultimate extinction of premiums. A person aged thirty, assuring for 1000*l.*, obtained in 1865 a reduction of

premium of 12*l.* 0*s.* 10*d.*, and a further reduction of 2*l.* 17*s.* 4*d.* in 1870, making a total reduction for the rest of his life of 14*l.* 18*s.* 2*d.* A person aged fifty, who assured for 1000*l.*, obtained a reduction of premium of 33*l.* 18*s.* 7*d.* in 1865, and a further reduction of 12*l.* 16*s.* 6*d.* in 1870, whereby the premium was entirely extinguished.

Something should be said of the principle adopted by the Royal Exchange Corporation in regard to the division of profits. It was adopted, after much consideration by the board and their actuary, and some distinguished writers on life assurance have since given their adhesion to the principle on which it is founded. Thus the readers of the Rev. J. A. Galbraith's standard book of Algebra will find the following passage on the subject of "Division of Profits" in the chapter on "The Management of Life Assurance Companies:"—"The premiums charged to the public consist of two parts—that which provides for the risk and the loading, the whole or a portion of which is, at intervals, found to be surplus, and accordingly distributable among the assured. In respect of the former portion, the assured form a community of assurance; in respect to the latter portion, a community of profit. The only just principle that can be advocated for the division of the surplus is, that each of the assured should receive in proportion to his contribution to the profit fund. This principle governs all partnership contracts, whether the contribution to profits be property or labour."

Mr. Galbraith, who is Fellow of Trinity College and Professor of Natural and Experimental Philosophy in the

University of Dublin, adds :—"The above extract is taken substantially from Mr. Pollard Patterson's Prize Essay on the various methods pursued in the distribution of surplus. In accordance with this principle, the only just mode of distributing a surplus is to calculate for each policy-holder a cash bonus in exact proportion to the loading on his premium over and above his share of the expense of management, accumulated at compound interest during the intervals of division."

Without going so far as to say that this is the only equitable principle of division, it may be said that it is commended by high authorities, and it is the exact principle adopted by the Royal Exchange Corporation.

To go no farther back than 1842, the actuary at that time was Mr. B. P. Bidder, brother of the gentleman who is now a distinguished engineer. Mr. Bidder was succeeded by Mr. John A. Higham, who afterwards became, and is still, accountant of the Corporation. Mr. Higham was succeeded in 1860 by the present actuary, Mr. T. B. Winsor, a member of the Actuaries' Club, whose zealous and valuable services during the long period of thirty-three years altogether are, it is needless to say, highly appreciated by the directors and shareholders. Mr. Winsor would not perhaps take exception to our description of him as "one of the old school," if we define the actuaries of the "old school" as insisting on the absolute and vital importance of "a strong reserve." Long may that good old school flourish! It will be an evil day for life assurance if they ever become extinct, and if the "strong reserve" is frittered away and divided in bonuses and profits that have never been

earned. Englishmen may be proud of an office which has been in existence for more than a century and a half, and the Royal Exchange Assurance Corporation can truly assert that "they afford the guarantees of a safe constitution under Royal Charter and special Acts of Parliament, a large invested capital stock, experienced management, and a long reputation for just and liberal dealing."





THE PELICAN LIFE OFFICE.

It was a pleasant fancy that led the promoters of a life office to take for its title the fabulous bird so long supposed to nourish her young with her blood. The establishment of the Pelican may be cited as a proof of the courage of Englishmen, and their confidence in the future. The year 1797 was the most disastrous period of the war with France and Spain. England was left singly to contend against her foes. The Bank of England stopped payment. A mutiny broke out at Spithead, and another at the Nore. Ireland was on the verge of rebellion. Yet in this year 1797 the Pelican Life Office was established. It is the only life assurance society of that year which has come down to us, and is indeed the oldest, although by no means the most successful, proprietary life office extant. The Equitable, established in 1762, is a mutual office, and the London Assurance Corporation and Royal Exchange Assurance, both established in 1720, combine other branches with the business of life assurance, and were indeed previously founded as fire or marine insurance companies. But the Pelican was established in 1797 purely as a life office,

and a life office it remains. Only a very limited capital was necessary to establish it, and this capital, even at present, after the lapse of nearly eighty years, and amalgamation with another office, has not increased to more than 160,000/. Still, as the oldest of the proprietary offices, and perhaps we might add, one of the least enterprising and progressive, the Pelican is not undeserving of a chapter in the history of life assurance.

The principal founders of the Pelican were the sugar-bakers of the metropolis. They were at that time a wealthy and powerful City and East-end interest, numbering among them many Germans. Readers of Thackeray will remember that "Lovel the Widower" inherits the business and fortune of his father, Adolphus Loeffel, Esq., of Whitechapel Road, sugar-baker. The sugar-bakers of German extraction and the City merchants with whom they allied themselves, undismayed by the gloom which overspread the political horizon, associated themselves together to carry out as a proprietary body the principles and practice of life assurance. Among the City men of influence who took an active part in founding the Pelican was the well-known Sir William Curtis, the *bon vivant* and City alderman, the friend of the Prince of Wales and Duke of York. Sir W. Curtis was Lord Mayor in 1798, and represented the City in Parliament from 1790 to 1826. He was an influential director of the Pelican, and rendered the new office essential services until his death in 1829, at which date he was father of the Corporation of London. Another hardworking director of the Pelican was Mr. William Cotton, one of the most active and influential men in the City. The

Pelican has always been intimately connected, by its founders and *personnel*, with the Phoenix, established as a fire office in 1782. The two offices are situated on opposite sides of Lombard Street, but their list of directors has always been pretty much the same. At the present moment Mr. Octavius Coope, M.P. (Middlesex), Mr. J. C. Davis, Mr. C. E. Goodhart, Mr. Kirkman Hodgson, M.P. (Bristol), Sir J. Lubbock, M.P. (Maidstone), Mr. J. S. Oxley, and Mr. B. Shaw are members of both boards, and substantially it may be said that the Pelican and the Phoenix belong to the same proprietary, and are managed by the same directorate.

When the first life assurance offices were founded, much distrust was felt in the public mind respecting the stability of an institution which undertook an apparent risk so great as to guarantee the payment of a large sum to the family of a person assured, however soon he might die, in consideration of a small annual payment to be made by him during his life. Mr. Babbage has remarked that so little was known of the relative value of human life at the time when life assurance began to be adopted in England—a period not long anterior to the establishment of the Pelican—that persons were indiscriminately assured at one common rate, without regard either to age or health; so that the young paid for the old, and the strong for the infirm—a manifest injustice to the young and healthy members. The success of the older societies was mainly due to the excess of their premium charges. Another important circumstance in favour of the Pelican was the courage which led to its establishment in times of great national danger. It is generally said that the

English funds fell, during the Mutiny at the Nore, to the lowest point which they were ever known to reach. It can be easily imagined that the funded property of the Pelican, owing to the great advance that subsequently took place in the price of stocks, tended towards doubling the value of the capital of the society. The Pelican Society's books may bear no record of actual purchases of Government stock at 45, to which figure it was said to have one day fallen; but no inconsiderable quantity was realized and invested at a time when Consolidated Stock was purchaseable for 60*l.*, while the price of the same amount of stock for many years past has exceeded 90*l.* Another source of profit to the Pelican, as well as to the Equitable and other old offices, was the careless abandonment, by the holders, of the early policies. When the temporary purpose for which the policy was effected was answered, the policy-holder often discontinued his annual payments, and the policy lapsed. Now-a-days assurance companies liberally purchase back policies for which the assured have no longer occasion, and this source of profit is at an end.

The first appearance of the Pelican as an office demanding special legislation was in 1807, when it obtained an Act enabling it to sue and be sued and to enrol annuities. Originally all joint-stock companies not incorporated by Royal Charter were, in the eye of the law, partnerships, however numerous the individuals of which they were composed, and were governed by the laws incident to partnerships. As soon as the Lord Chancellor of that day, in the case of "*Carlen v. Drury*," declared that, according to the rule of law, the person who takes

upon himself the management was liable to the whole extent of his engagements, the Pelican went to Parliament for a special Act enabling the association to be sued in the name of their trustees, chairman, or secretary. The Act was obtained, and thereafter individual members of the Pelican were not sued for the engagements of the association or partnership. The accredited officers of the association, moreover, now had the funds of the association to protect them, while an individual member had not been so protected. The Pelican required an amending Act next session, and a third Act, in 1809, to amend former Acts.

The Pelican directors instituted at various periods a careful inquiry into the general business of life assurance, with a view to an extension of its principles so as to meet the requirements of the public. It is among the traditions of the Pelican that a policy became void if the assured travelled from Dover to Calais without leave and licence. He may now go anywhere in Europe, and he may die upon the seas in passing, during peace, from any part of Europe to any other part of Europe without forfeiting his policy. The Pelican also assures upon equitable terms the lives of persons resident abroad, or about to proceed to foreign climates. Being a proprietary office, the policy-holders are, of course, guaranteed against risk and responsibility. In addition to an actual fund of one million sterling, every shareholder is responsible for its engagements.

The life assurance business of the Pelican is divided, as is not unusual, into two distinct branches—the participating and non-participating. The assured on the

non-participating scale are charged a low rate of premium, while the assured on the participating scale receive septennially four-fifths of the net profits realized from this branch of the business. At every septennial investigation the holder of a policy on the participating scale which has been in force for five years is entitled to have his share of accrued profit appropriated in either of the following ways:—By an immediate payment of the sum so appropriated, by an equivalent reduction in the future annual premiums, or by a proportionate addition to the amount of the policy. The wondrous power and value of compound interest are shown in the Pelican as in other life-office bonuses. For example, a person aged 30 at entry, who twenty-eight years ago assured his life for 1000*l.*, and has already received bonus additions in 1847, 1854, and 1861, now becomes entitled to a further bonus on the premiums paid during the past seven years, amounting in cash to 66*l.* 7*s.* 2*d.*, being upwards of 37 per cent. of the premiums paid in that period; or a further addition can be made to the sums assured, payable at death, of 98*l.*, being more than 55 per cent. of the seven years' premiums.

It would be somewhat tedious to follow the Pelican through the successive stages of its progress. Its premium income during 1870 was 93,040*l.*; 1871, 91,173*l.*; 1872, 90,263*l.*; and 1873, 90,821*l.* These figures show that the Pelican, like other offices, has suffered from the distrust in life assurance caused in 1870 by the stoppage of the Albert Life Office, with liabilities estimated at 8,000,000*l.*, and the committee of investigation instituted into the affairs of the European. The more

energetic offices, like the Mutual, have taken special measures to remove this distrust, and to place life assurance in a more satisfactory position in England; but the Pelican, it may be, is patiently waiting for the turn of the tide. According to the Board of Trade Returns of 1873, the Pelican receives 56,794*l.* interest on investments. It pays on commission 3909*l.*; expenses of management, 7118*l.*; dividends to shareholders, 18,712*l.*; total income, 147,616*l.*; total expenditure, 107,085*l.* Its life assurance fund is 1,112,884*l.*; annuity fund, 6505*l.*; share capital paid up, 160,183*l.* The Pelican life policies in force amount by approximation, and as nearly as can be ascertained, to no less than 3,148,500*l.* The ratio of expenses to premium income is 12·2. The average rate of interest is 4·3. It is ninth on the list of 94 life offices in regard to the number of years' premiums in hand (13·7) to meet its liabilities.

The Pelican was fortunate in having for thirty-five years the advantage of the services of Mr. Tucker as its secretary and actuary. Mr. Tucker was one of the founders, and recently president, of the Institute of Actuaries. On his death, a few months ago, his son, Mr. Robert C. Tucker, was nominated to succeed him *pro tem.*, but his appointment has, we believe, not yet been confirmed by the directors.





THE LONDON LIFE ASSOCIATION.

THE success of the Equitable Society, ascertained within a few years after its establishment, had the usual effect of starting a host of imitators. From 1762 till the end of the century, the number of projected life assurance companies was over a thousand, while those actually launched and enjoying an existence, sometimes of months, and sometimes, but more rarely, of years, comprised upwards of three hundred—all but a single one now long gone to rest. For a considerable length of time in this latter part of the eighteenth century, the zeal in starting new assurance offices, and in participating in the expected enormous profits, amounted to a perfect mania. The wildest schemes were not only brought forward, but found admirers and participators in men of high rank and standing, the influence of whose names sufficed to bring in a crowd of dupes, and to spread ruin far and wide. The immense majority of new projects of the period were mere gambling designs, drawn up by rogues, and trusting for success to popular credulity, while the small number of honest schemes that came into life were mostly

wanting in that strict statistical basis, which, as had yet to be discovered, must be the breath of existence of any assurance office. The Equitable alone had the great good fortune of enlisting into its service successively two eminent mathematicians, Dr. Price and Mr. Morgan, who showed themselves accomplished actuaries, and drew up life tables which for many years remained models; but outside the pale of the old society of 1762 all was confusion, to which men of otherwise high education contributed by spreading the most absurd notions about the very nature of life assurance. What added to the confusion was a fierce controversy which soon began to rage about the presumed necessity of establishing assurance companies either on the mutual or the proprietary basis. It was generally assumed that of the two systems only one could be right, and the other must be absolutely wrong, nobody having sufficient knowledge, or, if possessing it, being unwilling to own that there might be something good in either, and that, according to proper management and other circumstances, both systems had in them the basis of achieving the most complete success. The great results obtained by the Equitable Society brought at the commencement the far largest number of adherents to the mutual system, and for some period nearly all the new assurance offices that came out were on this plan. But they having failed one after the other, principally for want of actuarial knowledge, a revulsion of feeling set in towards proprietary establishments. It was encouraged by the great political economist, Adam Smith, who, in his celebrated "*Wealth of Nations*," first published in 1776, strongly advocated the foundation of

assurance companies on the basis of a paid-up capital. "The trade of insurance," Adam Smith wrote, "gives great security to the fortunes of private people, and by dividing among a great many that loss which would ruin an individual, makes it fall light and easy upon a whole society. In order to give this security, however, it is necessary that the insurers should have a very large capital." Armed with this dictum of the famous philosopher, numerous projectors of fresh assurance companies, all proclaimed to be based on the "very large capital" recommended by Adam Smith, came forward, and for another period the proprietary system was alone in the ascendency. But the new joint-stock companies vanished from the scene almost quicker than the mutual institutions, their predecessors, the boasted large capital proving generally one of pure imagination. A few only of the companies passed the boundary dividing the eighteenth from the nineteenth century, these few being possessed of capital, often very trifling, but still something more than a phantom. The sole survivor of the vanished eighteenth century host, at this moment, is the Pelican Insurance Company, established in 1797, on a very humble capital, which, as we have seen, after the lapse of nearly eighty years and amalgamation with another office, has not increased to more than 160,000/. It was not until the year 1806 that the Equitable Society, sole monarch of the field of life assurance since 1762, met with successors, and with three all at once, disputing its monopoly and claiming a share of it. The famous year 1806, in which England girded herself to a life and death fight against Napoleonic supremacy, which saw the death

of Pitt and Fox, and the public funeral of Nelson, also saw the establishment of three life assurance institutions, now in the foremost rank, namely (taking the alphabetical order of names), the London Life Association, the Provident Life Office, and the Rock Life Assurance Company.

The foundation of the London Life Association, established by deed, dated December 1, 1806, and enrolled in the Court of Common Pleas, at Westminster, occurred under quite novel and rather curious circumstances. The failure of all attempts to start new life assurance companies of trust and respectability, either on the mutual system or on that of paid-up capital, had begun seriously to occupy the attention of a number of influential men in the City, and, after much communication with others, they resolved to risk together a considerable sum of money in starting another mutual society, not in order to derive any pecuniary advantages for themselves, but to benefit the community, by extending the advantages of assurance. The result was the birth of the London Life Association. The story of it was told simply and concisely by the late Mr. Charles Knight, more than forty years ago, in an essay upon assurance, which first appeared in the "British Almanac," published by the Society for the Diffusion of Useful Knowledge. "A company of mutual insurers," Mr. Knight wrote, "must certainly be the cheapest way of assuring life, but there are two difficulties attending this plan. One, the chief, is the want of capital to answer the demands of the society before sufficient funds are formed from the profits; and the other, the most equitable manner of apportioning

the surplus money to be divided. The projectors of the London Life Association, with a disinterested generosity very rarely to be found, subscribed a guarantee capital among themselves, until the funds of the society were sufficiently large to enable them to withdraw it, which they did without deriving any profit or advantage from the loan, or the responsibility. Such conduct is not to be expected often in our money-making, mercantile country." But the founders of the London Life Association did a great deal more than risking a certain sum of money for establishing the new assurance office. They did not make the undertaking, like many previous ones that had been started, a slavish imitation of the Equitable Society, but laid their plans on distinct ideas of their own, carefully worked out upon the basis of the most approved mortality tables and actuarial calculations. It had been made the leading feature of the Equitable to add all accumulated profits to the sum assured, which thus grew with the success of the society, frequently doubling and trebling, while the premiums remained the same from year to year. The founders of the London Life Association reversed this principle, so far as to leave the sum assured always the same, but to reduce the annual premium from time to time out of the profits as they accumulated. It is probable that the first idea of introducing this change arose from the knowledge that a great number of persons who had assured their lives in the Equitable and other offices dropped their policies after a time, out of inability to pay the amount of the premium, which led to the natural conclusion that if the annual payments were facilitated by a gradual fall in the

premiums the number of individuals throwing up their policies would greatly decline, if not altogether cease. If this was the leading intention, as there can be little doubt, of the founders of the London Life Association, it bore fruit in far wider direction than anticipated, by attracting entirely new classes towards life assurance. There proved to be great numbers of persons having no wish whatever to increase the amount originally assured by them, which they deemed sufficient as a provision for their families; and there were again numbers who liked to fix the sum absolutely, and who would prefer adding a new policy to an old one, as their means increased, to seeing the first stipulated amount swell in uncertain and irregular growth. To both these classes, and many others, the principles of the London Life Association adapted themselves completely, and the result was seen in the rapidly established success of the society. It was so rapid, indeed, that in the year 1825, before the Association had been twenty years in existence, it was found necessary to raise the previously fixed scale of premiums, in order that the older members might be sufficiently protected in their legitimate interests against new-comers. The premiums were once more raised five years afterwards, in 1830, and once subsequently. So high did the fortunes of the London Life Association already stand in 1830, that at this date Mr. Charles Knight thought fit to comment upon them as follows in his already-quoted essay upon assurances:—"The experience of assurers in this society," he wrote, "has, till now, been most favourable; after five years, they participated in the profits, and their premiums have been reduced in some years as much as 70/. per cent. There

is every reason to suppose that they may be lessened as much in future, and then this office will certainly be the cheapest under examination. While this manner of applying the profits is the most equitable and the most advantageous to the parties assured, it is an inexpressible relief, after using every exertion to make the first heavy payments, to be at length freed so very materially from the burthen."

It will be seen from the preceding quotation that the division of profits, as applied to a reduction of premiums payable by members of the London Life Association, took place formerly at the end of five years. The rules have now been so far altered that the members are not entitled to a reduction of premium until after the lapse of seven years from the date of assurance. The rate of reduction after this period is determined every year by a valuation of the affairs of the Association, which gives the amount of profits. The scale of premiums was raised, for the protection of the older members, as before stated, in 1825 and in 1830, and it was again raised in 1844. In January, 1856, there was formed a "second series" of members, the rate of reduction of whose premiums was settled to be always 10 per cent. less than that applicable to premiums issued previous to 1856. Only nine years elapsed before it was found necessary to form a "third series" of members, with rates of reduction of premiums 15 per cent. less than those of the "second series." These changes became indispensable through the constantly growing prosperity of the London Life Association, as shown in the fast decreasing scale of premiums. Thus, on policies taken out previously to the

formation of the second series, the reduction amounted to 60 per cent. in 1840; to 70 per cent. in 1853; to 80 per cent. in 1857; to 90 per cent. in 1870; and to 94½ per cent. in 1875, leaving at the latter date little more than a nominal yearly payment. Thousands of men of the middle classes, to whom, perhaps, under declining health, the annual premium on their life policy must be a heavy charge, will agree with Mr. Charles Knight that such reductions in payments are "an inexpressible relief."

Since its establishment, in 1806, the London Life Association has paid to representatives of deceased members upwards of six millions and a half sterling; while the sum assured on policies now in force amounts to eight millions. The premium income last year was 286,000*l.*, and the income from investments 137,000*l.*, making a total annual revenue of 423,000*l.* The accumulated funds of the association have come to exceed three millions sterling, a wealth amassed solely by good management and wise thrift. Agents, and the payment of "commission," are things unknown to the London Life Association. In a recently-published Blue Book, entitled, "Report by Mr. Malcolm and Mr. Hamilton, Assistant-Secretaries of the Board of Trade, upon the Accounts and Statements submitted to the Board of Trade under the Life Assurance Companies' Act, 1870," there is a tabular list of insurance companies, one column of which gives the proportion of expenses of management and of "commission" to premium income, the per centage ranging from 3¼ to the formidable figure 389. It is the London Life Association that had the honour of

standing at the top of this list, being certified to disburse less than three and a half per cent. of its annual income in working expenses. It is a marvellously cheap management, almost unequalled in England, and probably in the whole world.





THE PROVIDENT LIFE OFFICE.

THE year 1806, which gave birth to the London Life Association, produced also the Provident Life Office. This office inaugurated a new system of assurance, which subsequently found numerous imitators, and is now generally known as the "mixed" plan. It was simply a combination of the Proprietary and Mutual systems, offering both the security of a paid-up capital and the advantages accruing from a distribution of profits, the policy-holders dividing the latter with the investors of capital, the shareholders. The evident attractions offered by the "mixed" system soon brought the Provident Life Office into repute, and although life assurance was still in its infancy, the number of insurers was comparatively large even in the first ten years, and grew very rapidly after that period. At the outset, the division of profits, made on the basis of careful valuations, was arranged to take place every seven years, and the three earliest divisions proved highly satisfactory to the insured, and exhibited strikingly the steady progress of the institution. The first division of profits, in 1813, gave 13/. 8s. per cent. on the premiums paid; the second, in 1820,

gave 26*l.* 12*s.* per cent. ; and the third, in 1827, gave 30*l.* 10*s.* Following the system of the Equitable Society, of adding the accumulated profits to the sum insured, the Provident Life Office was able before long to make very large additions to the figures of its policies, the amount of which, in many instances, more than doubled. Very early in its career, the Provident obtained, besides a large, a high-class connexion, the sums insured by many of its policy-holders being far above the average. Policies of 5000*l.*, increasing, through bonus additions, often to 10,000*l.*, and even to 11,000*l.* and upwards, are by no means rare, while the highest as well as the lowest ages are represented in the office to a singular degree, making it apparent that the insured belong chiefly to the upper and upper-middle classes of society. It appears from a recent report that the great life office of Regent Street has among its policy-holders children of five as well as men a good way beyond ninety, and has also not a few persons insured for sums of more than ten thousand pounds. The claims paid by the Provident Life Office since its establishment reach to considerably above five millions sterling, while the bonuses declared in the same period amount to more than two millions sterling. The total funds, at the end of 1873, had reached the sum of 1,816,441*l.*, inclusive of an assurance fund of 1,765,870*l.*, and paid-up shareholders' capital of 47,992*l.* In the year 1873, the total revenue of the Provident amounted to 238,558*l.*, of which 158,394*l.*, was derived from premiums, and 80,164*l.* from dividends and interest on invested property. The steady progress which the Provident Life Office still continues to make, and which

has been its characteristic feature from the beginning, is shown in the fact that in the year 1871 the total revenue amounted to 230,640*l.*, of which 155,146*l.* was derived from premiums, and 75,494*l.* from dividends and interest on investments. Thus, in the short space of two years, the total revenue increased to the amount of 7918*l.*, the premium income increasing 3248*l.*, and the investments 4670*l.* It may be stated that the investments of the office are placed with a view only to absolute security, with entire disregard of the temptation of high interest. The great bulk of the investments, amounting to the total sum of 1,044,460*l.*, is on mortgaged property within the United Kingdom, nothing whatever standing on mortgages beyond the reach of English law. Besides mortgages, the investments are chiefly in Colonial and Indian Government Securities and house property. The profits of the year 1873, amounting to 258,310*l.*, were distributed as follows, between the policy-holders and shareholders:—251,200*l.* as bonuses to policy-holders, and 7100*l.* only to shareholders. The division of profits, which formerly took place, as already mentioned, every seven years, was more recently altered to be made every five years, the first quinquennial division occurring in 1873. It was a change that became necessary through the rapid growth of the business, shown in the following table, which gives the amount of capital and the annual income of the Provident Life Office at each of ten periods (the first nine septennial and the tenth and last quinquennial) when there were valuations and divisions of profits:—

Year.	Amount of Capital.	Annual Income.
1813 . . .	£95,986 . . .	£20,442
1820 . . .	270,997 . . .	50,850
1827 . . .	588,086 . . .	88,835
1834 . . .	890,527 . . .	110,154
1841 . . .	1,078,129 . . .	121,653
1848 . . .	1,231,647 . . .	139,778
1855 . . .	1,370,141 . . .	164,442
1862 . . .	1,566,548 . . .	194,301
1869 . . .	1,752,215 . . .	228,073
1873 . . .	1,800,291 . . .	235,430

History lies in figures, somebody has said, and certainly the above few figures give, as concisely as they do correctly, the sixty-seven years' history of the Provident Life Office.





THE ROCK LIFE ASSURANCE COMPANY.

THE last—not least by any means—of the great trio of life assurance institutions born in 1806, the Rock Life Assurance Company, was started on the same principles as the Provident Life Office, with quite equal success. But though adhering strictly to the “mixed” plan, and also to that of distributing profits in the shape of bonus additions to the amount insured, the Rock has several features of its own which give it a distinctive character. One of these is that policy-holders may obtain cash during their lifetime for the bonus additions made to their policy; and another, that, after a given period from the taking out of a policy, all future premiums can be extinguished by payment of a single sum to the company. An illustration of both features may be given in an actual case, the example furnished by one of the oldest policy-holders in the Rock, who had insured his life for 500*l.*, and had paid in premiums at the end of 1847, when forty years had gone by, the sum of 585*l.* 7*s.* 6*d.* The bonus additions during this term of forty years amounted to 64*l.* 1*s.* 8*d.*, being 56*l.* above the sum paid in premiums,

and they would have much more than doubled the original amount of the policy if payable at this period. But the policy-holder did not desire the original amount increased, nor did he desire to pay any more premiums; and he therefore made a double bargain with the company, selling his bonus additions, and compounding for the premiums. He received from the company for the redemption the sum of 465*l.* 2*s.* 6*d.*, and he paid the company for compounding the sum of 88*l.* 0*s.* 6*d.*, thus realizing an immediate gain of 377*l.* 2*s.*, without prejudice to future bonus additions, which went on accruing, although there were no more premiums or payments of any kind to make. The further bonus additions in the end came to amount to the sum of 314*l.* 3*s.* 4*d.*, so that ultimately the 500*l.* policy realized 814*l.*, the total premiums paid having been no more than 585*l.* 7*s.* 6*d.* In a word, the Rock Life Assurance received 208*l.*, and returned nearly threefold the amount. If a pun is allowable on a serious subject, one may say that there never was a less barren rock than the Rock of New Bridge Street.

The division of profits in the Rock takes place at septennial periods, the ninth and last occurring in the present year, when the realized profits of the preceding seven years were found to amount to 544,474*l.*, of which 356,811*l.* was distributed among the policy-holders. When the eighth division was made, an original policy of 600*l.* had grown to 1642*l.*; another of 2000*l.*, to 5022*l.*; another of 2500*l.*, to 7788*l.*; and another of 5000*l.*, to 14,444*l.* The business of the Rock has assumed formidable dimensions in recent years, and the present

revenue of the company surpasses that of many a German principality. In the year 1871 the receipts from premiums were 147,785*l.*; and in 1875 the premium income exceeded 143,000*l.* The interest and dividends from investments in 1873 amounted to 137,055*l.*, bringing the total revenue of that year up to 285,466*l.* The policies in existence on the 20th of August last, were 4145, assuring 4,435,851*l.*, the bonus additions on which were 457,421*l.*, together 4,893,272*l.*; the estimated liability thereon being 1,451,708*l.*, or less than one-half of the invested funds of the company. The accumulated fund, invested in mortgages on land and other first-class securities, is 3,167,289*l.* Since its establishment, the Rock has paid in claims no less than 7,893,697*l.*, including therein bonus additions of above 2,100,000*l.*, and divided upwards of four millions sterling in profits—two-thirds of the amount going to the policy-holders, and one-third only to the shareholders. The original paid-up share capital of the Rock Company was 100,000*l.*, but it had at the end of 1873 accumulated to 1,144,138*l.*, and will before long have risen to a million and a half sterling. It will be seen that everything connected with the Rock is of huge dimensions, the millions cropping up in all directions. To complete the comparison before alluded to between the company and a State, it may be mentioned that the total revenue of the principality of Saxe-Coburg-Gotha, to the Crown of which our Duke of Edinburgh is presumptive heir, amounted in 1873 to 142,670*l.*, being just about one-half of the income of the Rock Life Assurance Company,

which was 285,466*l.* in the same year. Nothing better illustrates, as the solidity and wealth of the Rock of Bridge Street, so the vast interests that have grown up in connexion with life assurance and the affairs of our leading assurance companies.





THE EAGLE LIFE OFFICE.

THE year 1807, following that notable one which gave birth to the London Life Association, the Provident, and the Rock, saw the establishment of two insurance companies,—the West of England Fire and Life, and the Eagle. Of these two, the first company, which has its head-quarters at Exeter, deserves mention, but its business is more in fire than life assurance. The more interesting is the history of the second offspring of 1807, the Eagle Insurance Company. The deed of settlement of the Eagle bears date December 17th, 1807, the company being founded upon an authorized capital of 2,000,000*l.*, in 40,000 shares of 50*l.*, of which 5*l.* per share was paid up by the original subscribers. At the outset, the company devoted itself to fire as well as life assurance, and it seems to have been the object of its promoters to cover as much ground as possible in either direction by the double means of getting numerous shareholders, and of making them all likewise policy-holders.

It was provided by the deed of settlement that all holders of ten shares should be entitled to a vote; and that all members should be bound to take at least one fire or life policy within four months after subscribing for shares. This latter provision, now long discarded, had the effect of bringing a considerable amount of business to the company, but, rather unexpectedly, the fire department proved not remunerative. More than once the company was the victim of bold frauds, and in 1818 the then chairman, Sir William Rawlins, had to defend an action concerning the burning down of a building called the Metropolitan Bazaar, which the twelve good men and true in the jury-box decided against him, casting the company in heavy damages. Notwithstanding that the fire business was large at this time, and continued so, the duty paid by the company in 1821 amounting to 15,510*l.*, it was resolved, four years after, in 1825, by the directors, to relinquish this department, giving it over to another office, and to make the Eagle solely a life assurance company. It was a wise resolution, as shown by the result. The life business of the Eagle increased slowly but steadily, and in the course of about a score of years had attained very respectable dimensions. In the year ending June 30th, 1847, the number of policies in force had come to be 2684, insuring 1,827,050*l.*, the annual premium income being 58,705*l.*, and the accumulated funds amounting to 493,000*l.* If not yet a first-class office, as regards extent of business, the Eagle had reached a high place among second-class insurance companies.

It was in a leap—or, one should say, in a swoop—that

the Eagle rushed from the second into the first rank. The upward movement took place in the year 1847, when the company did two things that proved eminently successful, namely, first, engaged the services of a new actuary, in the person of Mr. Charles Jellicoe, and, secondly, effected an amalgamation with the Protector Life Insurance Society, founded in 1835. There is an unpleasant sound attached now-a-days to the word amalgamation, just as there is to many matters in themselves beneficial, but which have got into bad odour through corrupt use. The downfall, in recent years, of several companies that had arrived at great notoriety, but were never really sound, is intimately connected in public opinion with amalgamation, and perhaps the latter had a share in the causes that brought about the final inevitable catastrophes. Still, it would be as absurd to say that amalgamation is always bad in life assurance—it is not thought so as regards railways—as it would be to assert that stimulants ought not to be used in medicine because they have sometimes produced fatal effects. A striking proof of the undeniably good effects that follow amalgamation, honestly and wisely carried out, was furnished by the absorption of the Protector by the Eagle Company. The amalgamation, as already stated, took place in 1847, and three years after, when reporting the results, at the annual meeting of the company in 1851, the chairman had the satisfaction of informing the members that while their income had more than doubled, the expenditure had been reduced nearly one-half in proportion to the earnings. “When the proprietors last met,” said the chairman, “they were informed that the two last years’ business

was more than double the separate transactions of the Eagle Company in the two years previous to the amalgamation, and the business of the present year has progressed in the same manner; while, with regard to the expenses, whereas formerly those of the Eagle were about 8 per cent., and those of the Protector were not far from 12 per cent. on the premiums received, the rate is now reduced to little more than 5 per cent. in consequence of the amalgamation." The result thus obtained was so exceedingly encouraging that it led the directors of the Eagle, acting under the always sagacious advice of Mr. Charles Jellicoe, recognized as one of the ablest of actuaries, to entertain further proposals for amalgamation, all the easier of accomplishment as they possessed the advantage of a large paid-up capital, originally destined to provide security mainly for the fire department, but now solely given up to the life business. In 1855 the Eagle absorbed the Mentor Life Assurance Company; in 1856 the Palladium and the London Mutual; and, in 1858, the Albion and the Alfred. None of these amalgamations took place without the most careful previous investigation, and in all cases under consent of every one having an interest in the matter, whether shareholder or policy-holder. Subsequently to 1858, several more companies, smaller than those just mentioned, were absorbed by the Eagle, and it is stated that the result has been uniformly satisfactory, proving in every instance to the advantage of both the old and the new members of the fast-growing institution. Eminently applicable to the Eagle Insurance Company are the weighty words of

Mr. Cornelius Walford, who, after alluding to the losses occasioned by imprudent amalgamations, adds—"But the real essential good of well-regulated amalgamations is in no way disproved by these events. The abuse of the thing cannot enter into the argument. Thousands of families would at the present moment have been worse than uninsured but for the judicious amalgamation of the offices in which they originally insured with more prudently conducted and more powerful offices." Hundreds, if not thousands, of policy-holders in the Eagle Company will subscribe to this dictum of the learned author of the "*Insurance Cyclopædia*."

In the early years of its existence the Eagle was a purely proprietary company; but the directors adopted the mixed system in 1833, and the policy-holders received their first bonus in 1840. At this time the affairs of the company were investigated every seven years; but at the end of the next septennial period, in 1847, it was decided that henceforth the investigations should take place every five years. It was likewise decided that four-fifths, or 80 per cent., of the total profits should be given to policy-holders on the participating scale, the allotments falling due, in every case, at the end of the first five years. It is at the option of policy-holders to receive the quinquennial bonuses either in cash, or in augmentation of the sum assured, or, finally, in reduction of future premiums, thus leaving amplest choice to all.

The following tabular statement contains the main results of the five quinquennial investigations of the affairs of the Eagle, showing at a glance the progress of the company in the course of twenty years:—

Years ending June 30,	Total Income.	Policies in force. Number.	Total Amount of Insurance.	Total Insurance Fund.
1847 ..	£117,259 ..	2,684 ..	£1,827,050 ..	£493,000
1852 ..	127,716 ..	3,914 ..	2,723,512 ..	738,884
1857 ..	217,453 ..	6,537 ..	4,858,277 ..	1,118,700
1862 ..	390,536 ..	16,257 ..	9,639,221 ..	1,730,000
1867 ..	520,885 ..	20,978 ..	13,015,705 ..	1,738,661

On the 30th of June, 1872, the insurance fund of the Eagle had increased to 2,937,599*l.*, and the last annual return, to the 30th June, 1874, showed its increase to 3,024,108*l.*, the assets at the same date amounting to 3,120,282*l.* The surplus distributed at each of the quinquennial investigation periods rose from 60,670*l.* in 1847 to 184,654*l.* in 1872. During the same period the total claims paid to policy-holders in the Eagle amounted to 4,745,988*l.* The Eagle issues policies up to 12,000*l.*, and the upper classes of English society are largely represented among the insured, which accounts for the head-quarters of the company being in aristocratic Pall Mall, on a site formerly belonging to famous Nell Gwynne

It has been the good fortune of the Eagle Insurance Company to secure the services of distinguished actuaries for more than a quarter of a century. On the retirement of Mr. Charles Jellicoe, to whom in great part the modern prosperity of the company is due, and who still occupies a place on the board, a worthy successor was obtained in Mr. George Humphreys, M.A., the author of a paper, made public last year, entitled, "On the Practice of the Eagle Company with regard to the Assurance of Lives classed as Unsound, and on the Rate of Mortality prevailing among such Lives."



THE ATLAS LIFE OFFICE.

THE year 1808 gave birth to half a score of life assurance companies, but of the whole number only two are now surviving,—the Norwich Union Society, and the Atlas Company. The Atlas Assurance Company, nominally founded in 1808, dates in reality back to the year 1807. A number of wealthy City merchants originated the scheme of the institution, and at a meeting held at Will's Coffee-house, Cornhill, on the 19th December, 1807, it was finally decided to launch the undertaking. A subscription was opened on the spot, and it was settled that the capital of the Atlas Assurance Company, "for assurances on lives, and on survivorships, and against fire," should be two millions, in 40,000 shares of 50*l.* It was thought afterwards that the proposed capital was too large, and, at another meeting of the subscribers, on the 27th April, 1808, it was resolved that the total should be fixed at 1,200,000*l.*, in 24,000 shares of 50*l.*, of which 5*l.* per share was to be paid up. The whole of this capital was subscribed in a few days, and the company established itself forthwith in temporary offices situated in Bush Lane, from which it removed afterwards for a little while to Coleman Street, and from thence to its

present palatial edifice, No. 92, Cheapside, one of the earliest buildings in the City erected specially for an assurance company. Possessed of an unusually large capital, the management of the company was laid out at first on a somewhat grand scale, being composed of eighteen directors, each qualified by sixty shares, with a chairman, bearing the title of "president," at their head. It was soon found more convenient to have fewer directors, and the number was reduced to a dozen in 1812; but the title of "president"—which flew from Cheapside westward over the Atlantic—was retained for just a quarter of a century longer, till 1837. The deed of settlement of the Atlas Company was drawn up by Mr. Edward Sugden, then a rising lawyer, destined to rise into fame as Lord St. Leonards, and to prolong his life through three generations of men. It was provided in the deed that a "general court" of proprietors, consisting of not less than thirty members, should be held once every year, to elect the directors, declare a dividend, &c.; but special powers were vested besides in an "extraordinary general court," liable to be called on the requisition of twenty-four proprietors, each of them having held ten shares for at least twelve months previous. The "extraordinary general court," if composed of not less than fifty proprietors duly qualified, had the power of increasing the capital, altering the rules of the company, and removing directors and auditors. The feature thus introduced into the Atlas was very important, as tending to vest the management of the company, more or less completely, in the greater shareholders, instead of, as in other establishments, in a mere clique of directors.

The existing harmony between shareholders and directors of the Atlas was manifested at the outset by a resolution of the board, passed in May, 1808, "that no salary be taken by the directors and auditors of the company until after a dividend shall have been paid to the proprietors."

For the first twenty years of the company's existence, the managers of the Atlas devoted their attention more to fire than to life assurance, the very large capital of the institution enabling them to do so with full justice to a vast body of insurers, spread over the three portions of the United Kingdom. The business of the fire department grew so rapidly that in 1811, the third year, the insurance duty paid amounted already to 9312*l.*, being more than that of any other company. To extend their work, the directors opened branch offices, with committees of local residents, at Manchester and other towns of England, as well as at Edinburgh and Glasgow, and at Dublin, Cork, Belfast, and Limerick. In 1825 the further grant of annuities was relinquished by the Atlas, on the ground, as stated in a circular to the agents of the company, that "the terms offered by the Government are more favourable for the public than any assurance office can afford to give, these favourable terms, it is understood, forming part of the plan of the Government for reducing the National Debt by converting annuities in perpetuity into terminable life annuities." But while giving up this part of their business, the directors strove all the more to extend the field of their exertions in life assurance, and they were fortunate enough to get the aid of a thoroughly efficient and active chief officer in Mr. Charles Ansell, recognized for more than half a century

as one of the most eminent of actuaries. Mr. Ansell, who entered the office as a junior in 1808, being then only fourteen years of age, was appointed actuary of the company in 1823, and from that date till 1864, when he resigned his more active duties to become the consulting actuary, he conducted the affairs of the company relating to the life branch with as much zeal as ability. It is to the efforts of Mr. Ansell, F.R.S., still living "father of the actuarial profession," that must be ascribed a great part of the success of the Atlas Insurance Company.

At its origin a strictly proprietary company, the Atlas adopted the mixed principle in life assurance eight years after starting, in 1816. At this date, the annual income from life premiums was about 22,000*l.*, and the accumulated life fund amounted to 69,349*l.* The first allotment of bonuses on life policies, then called "surplus premiums," took place at the end of 1823, and afterwards every seven years, until 1849, when the septennial gave way to quinquennial valuation and declaration of bonuses. It was then settled, in 1849, under rules and regulations still in force, that it should be in the absolute choice of members, holding participating policies, to take their bonuses at the expiration of every five years, either, first, "in addition to the sum assured by the policy;" secondly, "in reducing the future annual premium during the whole life;" thirdly, "in making a reduction in the annual premium for the term of five years only, the reduction ending at the next period of valuation;" and, fourthly and lastly, "in taking payment of a sum in present money." The bonus to the end of 1869, offspring of the ninth investigation of the affairs of the Atlas Company,

resulted in the declaration of a total bonus amounting to 1,411,447*l.* in actual money, representing, of course, a very much larger sum in either of the other three forms in which policy-holders may take their share of common profits. The policies in force at the end of 1869 numbered 6199, nearly the whole of them on the participating scale. It appears from the official returns issued by the Board of Trade, under the Life Assurance Companies' Act of 1870, that while the revenue of the life department of the Atlas amounted to 163,856*l.* in the year 1871, it had risen to 169,264*l.* in 1873, being an increase of 5408*l.* The premium-income from life policies, which was 96,167*l.* in 1871, rose to 97,159*l.* in 1873, and the income from investments, which was 67,688*l.* in 1871, grew up to 72,105*l.* in 1873. At the end of 1873, the total life assurance fund amounted to 1,554,903*l.* Mr. Cornelius Walford, F.S.S., sums up, in his "*Insurance Cyclopædia*," the account of the Atlas Insurance Company in the following words:—"The office is unquestionably one of the most solid insurance institutions of the country."

It is a somewhat curious fact that an extraordinary number of policy-holders in the Atlas Company, as well as a great many of its directors and officers, have reached ages far beyond the allotted term of human life. At the quinquennial investigation for the term ending 1869, it was found that the average age of the surviving annuitants of the company was sixty-two, while two of the policy-holders were upwards of ninety years of age. It has been already mentioned that Mr. Sugden, afterwards Lord St. Leonards, was instrumental in founding the

Atlas, drawing up its deed of settlement, and the ex-Lord Chancellor, as is well-known, died but a short time ago at the great age of ninety-four. Again, Mr. Charles Ansell, F.R.S., so intimately connected with the company, founder of its prosperity, survives, "active alike in body and mind," as stated not long ago, having reached the age of eighty years. Mr. Ansell, it may be mentioned here, published in 1835 a "Treatise on Friendly Societies," issued under the auspices of the Society for the Diffusion of Useful Knowledge, which had a very large circulation, and produced more than almost any work of the kind, wide-spreading effects in making the true principles of life assurance understood. There are two more names, besides those of Lord St. Leonards and Mr. Ansell, F.R.S., closely bound up with the Atlas Insurance Company, which stand forth as those of long livers. One of the original founders of the company, first a director and subsequently deputy-chairman of the board, Mr. James Deacon Hume, lived to over fourscore years of age, having not only served the Atlas well, but done important public services as Secretary of the Board of Trade. An important part in launching the Atlas, and in guiding the fortunes of the company for the first half a century of its existence, was taken by Mr. Henry Desborough, who, having had already much experience in life assurance, became its first secretary in 1808, and remained secretary for exactly fifty years, quitting the Atlas in 1858, and the world four years after, in 1862, not far off from fourscore. It would almost seem from these instances as if the privilege of green old age is attached, as a kind of heirloom, to the old office in Cheapside.



THE AMICABLE LIFE OFFICE.
(NOW NORWICH UNION.)

THE Norwich Union has succeeded, by enterprise and rightful purchase, to the business and honourable traditions of the oldest of all the existing life assurance companies, with which its name and history are now inseparably connected. The Amicable Life Office was established in 1706, by charter of Queen Anne granted to Sir Thomas Allen and the Bishop of Oxford. After having existed nearly 160 years as a mutual office, an Act of Parliament was obtained in the year 1866 authorizing the transfer of the Amicable Society to the Norwich Union. There is no reason to suppose that the latter office has ever repented of taking over the business of the Amicable, even in a pounds, shillings, and pence point of view; while in a public and historical sense it was worth all the money to identify itself with the earliest history of life assurance. The story of life assurance can never be told without beginning with the Amicable, and the history of the Amicable can never be completed without chronicling its transfer to the Norwich Union.

Thus, if the Norwich Union is not the rose, it has lived very near the rose—in fact, succeeded to it and taken its place. Ovid, speaking of an illustrious ancestry, said :

Et genus et proavos, et quæ non fecimus ipsi,
Vix ea nostra voco.

But the office which inherits the traditions of the Amicable may fairly call them its own, for it inherits at once the funds, the obligations, and fame of the oldest English life assurance society that has come down to our time.

The first life and annuity assurance in England was established by the Mercers Company of London, in 1698. It broke down, as already described, for want of proper data for measuring assurance risks. Sir Thomas Allen, it is said, was a careful student of the little black-bordered sheets issued every Thursday morning by the Honourable Company of Parish Clerks, and having observed that there occurred every year one death among every twenty inhabitants of London, he thought he had discovered a law of mortality, upon which a life assurance scheme might be based. The Amicable profited by the experience of the bankrupt Mercers. It made its payments proportionate to its receipts. The Mercers had promised a certain sum at a certain time, irrespective of contingencies. The Amicable, on the other hand, guaranteed nothing more than the distribution of such surplus income as might be annually found in its cash-box after payment of all expenses, including those of management. Bankruptcy was therefore impossible, for the Amicable never promised to divide what

it had not got. According to the statutes, all persons between the ages of 12 and 45, if accepted by the directors, might assure their lives in the Amicable. They had to pay 7*l.* 10*s.* entrance-money, and a yearly premium of 6*l.* 4*s.*, from which 1*l.* 4*s.* was returned in the shape of a bonus, so that the actual payment was 5*l.* per annum. For this, each person was to receive a policy to the amount of 100*l.*, under the seal of the corporation, entitling his nominee to a dividend (not necessarily of 100*l.*) in the manner set forth in the charter. To receive on an equal footing of payment persons whose ages ranged from 12 to 45 was primitive enough, and denotes a stone-and-flint implement period in life assurance. The state of health of the proposers in that day received little attention. The mode of ascertaining the healthiness of the life proposed was for the party to appear before the court of directors. Each director had the privilege of putting any question he pleased as to the state of health and habits of life of the applicant for admission; he was then directed to withdraw, and the directors gave their opinions seriatim as to the acceptance or rejection of the proposed assurance. Any examination by a physician or other medical man was, in those days, thought unnecessary, and robust lives and unsound lives stood nearly the same chance of acceptance. The number of members under the charter was not to exceed 2000, but there is reason to believe that, in order to complete their authorized number of assurers, the directors were not very particular as to the healthiness of the lives proposed for assurance.

The Amicable Life Office was, in fact, for the first

forty years of its existence, a description of lottery. The whole number of lives, young and middle-aged, healthy and unsound, were shaken up, as in a bag, to await the issue of their fate. The consequences may be readily imagined. Every twelvemonth, as we have seen, the whole income of the society, deducting expenses, was distributed among the friends and heirs-at-law of deceased members, an equal share being given to each claimant. In good years the widow and orphans might get 100*l.*; in bad years little or nothing. The sums distributed annually were at first small, and almost always fluctuating. It depended entirely upon chance and the state of the coffers of the Amicable whether the friends and relatives of members were to receive more than the deceased had contributed to the funds of the Amicable, or less, or nothing at all. Yet the Amicable continued to exist, and even to flourish, because it never promised more than it could perform. It was a species of lottery, but lotteries are, after all, popular even in matters of life and death, and every member hoped that his widow would draw a prize. Much was heard, as in other lotteries, of the winners, and little of the losers. One satisfactory distribution of funds was enough to counterbalance half-a-dozen unequal or reduced dividends, and the victories and congratulations of the fortunate more than drowned the secret groans and murmurs of the losers.

The Amicable assurances were effected upon conditions which, with common care in the selection of lives, could hardly fail to fill the coffers of the society. Thus, if a person paid the sum of 5*l.* per annum for fifteen years, he would, with interest and compound interest,

have paid to the office the full amount of his policy. If, moreover, the policy was effected upon a young life, it is conceivable that, before the policy became a claim, the assured would have paid more than double the 100*l.* contracted to be paid by the society under the policy. A report issued by the society in 1749 gives an interesting glimpse into its *modus operandi*, and the effect of its "rough and ready" conditions and calculations. The report states that "the good intended by the society on its formation has been steadily pursued, and the society found to be a common benefit to mankind. This will evidently appear from a statement of the yearly dividends (the term 'dividend' evidently means the payment of claims) from Lady Day, 1710, to Lady Day, 1749, being thirty-nine dividends successively, amounting to the sum of 277,104*l.* and upwards, on 2967 claims; so that, upon an average, the amount of each claim had not been less than 93*l.* 3*s.* 7*d.*; but they have been considerably more during the fifteen years last past, a general court having, in 1734, appropriated a part of their yearly income for augmenting their claims whenever they shall happen to be under 100*l.*"

Having seen what the Amicable did, we may go back for a few years to the period of its establishment, to see how far the promises and expectations of Sir Thomas Allen and the Bishop of Oxford were borne out by the result. The charter set forth that the object and business of the society was to provide for the wives and children and other relatives of the members "after an easy, certain, and advantageous manner." The original prospectus of the Amicable pointed out the advantages the

society afforded to "clergymen, physicians, surgeons, lawyers, tradesmen, and persons possessed of places or employments for life; to masters of families and others, whose income was subject to be determined or lessened at their respective deaths, who, by insuring their lives, might in all probability leave to their families a claim not less than 100*l.* for every 5*l.* annually paid to the office; to married persons, where a jointure, pension, or annuity depended on both or either of their lives, by insuring the life of the persons entitled to such annuity, pension, or jointure; to dependents upon any other person for salary or benefaction during the life of such person, whose life being assured in this society, such dependent would become entitled to a claim or claims upon the death of the person on whom they were dependent, in proportion to the numbers insured."

It must be recollected that the above passage was written in the reign of Queen Anne, and in the very infancy of life assurance, the uses and benefits of which it nevertheless distinctly recognizes and foreshadows.

The original charter of the Amicable kept the society within such narrow bounds that, when the Equitable revolutionized the previously existing system of life assurance by graduating its premiums according to the ages and probabilities of life of the insured, it became necessary for the Amicable to modify its original constitution and enlarge its sphere of action. Accordingly, in the year 1807, a century after its formation, the society was reorganized and a new charter obtained. It enabled the society to increase the number of its members from 2000 to 8000. In 1823 and 1836 supplementary

charters were granted, enabling the society still further to increase its members, first to 16,000 and then to 32,000. The charter of 1836 contained some important changes in regard to the society's valuations and dividends. Every share, for example, which should become a claim was increased from 150*l.* to 200*l.* The society was also empowered to effect assurances for specified sums on joint lives, or on the life of the last survivors of two or more persons, or on contingencies on any life, for limited periods and for specified sums. In 1837 alterations in the bye-laws were rendered necessary in order to meet the conditions of the charter obtained in 1836, and accordingly at a general special court of the corporation of the Amicable Society all the bye-laws of the corporation were annulled and new ones adopted.

It was difficult by charters to cure the original defects and inherent narrowness of the society's operations, and in 1845 the Corporation of the Amicable went to Parliament for an Act to enable the society to lend money upon mortgage for the purpose of investment. The Act also contained other powers relating to the business of the office, placing the Amicable on the same footing as the ordinary life assurance companies, but with some special advantages of its own. The plan of the society had always been one of mutual assurance. Its legal privilege, as a body corporate, secured the members against all individual responsibility or risk ; while, as there was no proprietary body, as distinct from the assured, every member participated in all the profits of the corporation. Before the Act of 1845 no distinction had been made on account of the time any assurance had continued, nor was

any addition made to the assurance during the life of the member named in the policy. Under and by virtue of the Act of 1845, however, policies issued by the society entitled the assured to periodical bonuses, in addition to the amount of the policy payable on the decease of a member. These bonuses were declared every fifth year, but no policy entitling the assured to participate in the profits of the society was to be granted for a less sum than 200% on one share. In 1854 the Amicable again went to Parliament, and obtained powers for investment.

The Amicable may be compared to an old house which has been altered here and enlarged there, with a new room added from time to time, as additional accommodation became necessary. Notwithstanding all this patching and reconstruction, however, the mansion never became truly commodious or adapted to modern business requirements. The Amicable honourably discharged its engagements, and doubtless did a good work in its day. But, after having existed nearly 160 years, the corporation felt that it had lived its life, and that it competed at a disadvantage with younger and more vigorous societies, less hampered by an original narrowness of design. Accordingly, after contemplating an amalgamation with the Economic Life Office, negotiations for an amalgamation with the Norwich Union were begun and carried to a successful issue. In 1866 the Amicable made its last appearance before the Legislature, on the occasion of obtaining an Act under which the Norwich Union assumed its assets and liabilities.

Thus the oldest of all existing life assurance companies, established by charter in the reign of one queen, ceased

to exist in the reign of another. The enormous political and social changes witnessed by the Amicable between the time of Queen Anne and that of Queen Victoria will suggest themselves to the least reflective mind. Sir Thomas Allen, as he studied the City Bills of Mortality, could hardly have anticipated that the society he founded would flourish, would bring into existence a host of short-lived imitators, would maintain a healthy and honourable existence for more than a century and a half, and would then merge into a younger office, yet still able to fulfil its own engagements. The Amicable did not exist in vain, and the name of Sir Thomas Allen will be remembered whenever the history of life assurance is written.

This is how it happens that the history of the Norwich Union has to be written in two parts.





THE NORWICH UNION LIFE OFFICE.

THE Norwich Union is linked with a remote past by means of the Amicable, and with the present by its own successful management. It is no upstart in the field of life association, for it is one of the three oldest of the purely mutual offices—the Equitable (1762) being the first; the London Life (1806) second; and the Norwich Union, founded in 1808, being the third. It has no need whatever to rely upon extrinsic or adventitious claims, for the Norwich Union, during the sixty-seven years of its existence, has issued more than 40,000 life policies, and paid upwards of eight millions sterling to the representatives of nearly ten thousand members. These figures are exclusive of the Amicable policies. The accumulated capital of both offices amounts to upwards of 2,000,000*l.*, the whole of which is securely invested in first-class securities. Judged by Mr. Gladstone's test, the Norwich Union has 12·6 years' premiums in hand to meet its liabilities, while the ex-Premier, speaking roughly, thought that ten years' premiums in hand would denote a safe and solid office.

The Norwich Union Life Office had its origin in the

Norwich Fire Office, just as the Sun Life grew out of the Sun Fire Office. The law of averages was sooner ascertained in regard to the number of houses burned down than the number of deaths, but when the rate of mortality had been once accurately observed, a fire office, with its existing board of directors, secretary, clerks, and officers, found itself able, by the junction of departments, to conduct a life branch at a lower expenditure than a purely life office. How East Anglia came to set the provinces the first example of a provincial fire office it is not difficult to understand. It was an agricultural district abounding in large farms and rich stackyards. Fires naturally occurred, and it was thought that the farmers of Norfolk and the adjacent counties would insure with more confidence in an office managed by their own country squires and leading agriculturists. The Norwich office soon earned a name by the liberality and promptitude with which it settled its fire insurance claims, and wherever farmers had wheat ricks and farm buildings to insure they preferred the Norwich to any other fire office. Up to the present time it has paid about three millions for losses by fire, and the total amount of its fire business amounts to 110,000,000*l.* Its business is indeed so prosperous that both in 1874 and 1875 the Norwich Union Fire Office, which has always been a proprietary office, declared a dividend of sixty-six per cent.!

When it was determined to engraft a mutual life office upon the old proprietary fire office, some little confusion of names at first occurred. The fire office was established in 1797, as the "Norwich Union Society." Then came the "Norwich Union Life," in 1808. When the

"Society" was alluded to, it was not always clear whether the fire or life office was meant. In 1821, the "Norwich Union Society" was reorganized, and became the "Norwich Union Fire." The two departments had thenceforward distinctive titles, and no mistakes could be made. In 1813 the life and fire offices obtained two Acts of Parliament, enabling each office to sue and be sued in the names of its directors. It was not until the year 1868 that the society found it necessary to go to Parliament again on the occasion of its incorporation with the Amicable. The "Amicable and Norwich Union Societies' Act" was then obtained. The price given was 227*l.* for every 200*l.* insured. It was not a bad bargain, as the last valuation showed that the Norwich Union will be entitled to receive 228*l.* 19*s.* 6*d.* The present profit is 20,000*l.*, which belongs to the Norwich Union assurers. In 1868 an Act was passed enabling the Norwich Union to make an alteration in its deed, and to commence a new series of policies hereafter described.

It may be that the London business of the Norwich Union Life Office is comparatively unimportant, and that the greater part of the life policies may be taken out in the country. This is undeniably the case with regard to the fire business. The Norwich Union Life, as a provincial office, has always taken a respectable position, and with a little more energy infused into its operations it might become a powerful competitor with the older offices of the metropolis. The chairman, at the last meeting, admitted that from its provincial character the Norwich Union might have been rather "slow," but he looked to the new secretary to infuse a little more "go" into its proceedings. The

Norwich Union has great advantages in its wide-spread agencies. It has sixty agents in Norfolk alone, and more than half as many in Suffolk. Its agencies, however, are by no means confined to the eastern counties, but are spread over every county in England. In Yorkshire alone it has fifty agents, besides agents in Scotland, Ireland, Wales, New Zealand, &c. It is, therefore, national in its operations, although provincial in name and title. The Fire Office is, as has been stated, a proprietary concern, returning enormous profits to the shareholders, while the Life Office is a mutual office, having no proprietary to divide with the assured the profits of the institution.

A most commendable feature of the Norwich Union Life Office is its sagacity in striking out new lines and adopting improvements for the benefit of its assurers. It has originated and matured a scheme of settlement policies which may be either ante-nuptial or post-nuptial. The directors themselves undertake the trusteeship of these settlement policies, and thus provision may be made for the wife and children of the insurer, without the expense of a settlement or troubling friends to become trustees. Great lawyers have recognized the immense advantage and security of the trusteeship of a great public institution being substituted for the risks of private trusteeship; and schemes for public companies to fulfil the duties of trusteeship have been drawn up and reluctantly abandoned, mainly from the want of security in the continuance and vitality of a private company.

To show the practical working of these settlement policies, we will suppose that the head of a family gives

his consent to his daughter's marriage on condition that the intended husband assures his life for 1000*l.* The only way of settling this upon the wife is to assign the policy of assurance by deed, or otherwise vest it in trustees, in consideration of the contemplated marriage. Among the upper classes there is usually actual property to vest in trustees, and trustees are accordingly appointed in every case of marriage settlement. The practice is, however, by no means common among the middle classes, partly owing to there being, as in the case of a life policy, no actual property to invest, partly owing to the difficulty of obtaining trustees, and partly owing to the expense of the necessary legal formalities.

To meet these difficulties, the directors of the Norwich Union originated their settlement policies. The intended husband takes out a policy (say) of 1000*l.*, and the directors, in consideration of the usual premiums to be paid during the settlor's life, will, upon his death, set apart 1000*l.* out of the society's assets (together with the accruing bonuses), and pay the income to the settlor's widow during her life, and upon her death divide the principal among their children, either equally or in such other proportion as the settlor may direct; or, in default of children, pay it to his personal representatives or assigns. Here, then, is a trust obtainable by an assurer at no greater expense than the payment of the premiums upon an ordinary life policy. The forms of the policies may be varied so as to meet each individual case. They may be in favour of his wife and children, or for the benefit of his wife alone; or they may be adapted to provide for other persons in whom an interest may be

felt, or towards whom a duty may be owed. It is not unimportant to remark that the expense of probate is entirely saved by the settlement policy of the Norwich Union Society.

The post-nuptial settlement is effected under the Married Women's Property Act, 1870, and is not peculiar to the Norwich Union, although this society makes special provision for cases in which there is an inability to keep up the assurances. This Act made an important change in the law in favour of the wife and children of the settlor. From the time of Queen Elizabeth statutes have been aimed at fraudulent settlements, and the Bankruptcy Laws have been especially framed to defeat them. Whenever the question arises whether a settlement has been made to defraud creditors, it is now decided that the test of fraud is insolvency. A settlement will therefore be considered fraudulent, and therefore void, if the settlor was insolvent at the time the settlement was made, or became so by the withdrawal and abstraction from his estate of the property settled. Under the new Act, however, a settlement policy will be upheld, unless it is proved that it was originally effected with intent to defraud creditors. Even when it is liable to be challenged on the ground that the man's circumstances did not justify his effecting a settlement, it will not be wholly set aside as an investment. Thus, if a man takes out a settlement policy for 5000*l.*, he being then insolvent, and if he dies after two or three payments of the premium of (say) 200*l.*, the creditors cannot claim the 5000*l.*, but only the amount of the premiums paid under the policy. Thus, if the assured lived three years,

and paid 600*l.* in premiums, the widow would take 4400*l.*, and the creditors the balance.

These post-nuptial policies are not strongly recommended by life offices, and they certainly have some drawbacks. Being withdrawn from the control of the assurer, he cannot raise a loan upon the security of the policy, or assign it. The question also arises, what is to be the effect of inability to keep up the insurance, and whether, on non-payment of a premium, the policy will be forfeited. The Norwich Union meets the difficulty by providing that should the insurer after his third payment be unable to continue to pay his premiums, he may bring his policy to the office, and have an endorsement placed upon it, reducing the sum assured to an amount equivalent in reversion to the then value of the policy. Thenceforth the policy will stand at that amount, and no further premiums will be payable.

It might be thought that as the settlement policy answers the double purpose of an ordinary life policy, and the settlement of that policy by deed, while it completely saves the expense of the deed, it would become an unpopular instrument with the legal profession. This has not been the experience of the Norwich Union. Many solicitors have recommended settlement policies to their clients, and the first ever issued by the office was to a solicitor for the benefit of his own wife and children.

The system adopted by the Norwich Union is to charge the lowest rates consistent with security, and to allot the surplus at each division among the insurers proportionately to the premiums paid by them from the time of taking out their policies. This is essentially a Tontine

mode of division. It is especially fitted for those persons to whom it is an object to pay a low premium in early and middle life, and who have such confidence in their own lives as to expect that they will live to receive large bonuses at advanced ages. Very considerable additions have thus been made to the older policies, which have in many instances been nearly doubled in amount.

The society, under the authority of the "Norwich Union Life Insurance Society's Act, 1868," issued a new series of policies to meet the wishes of those assurers who desire that considerable additions should be made at earlier periods than is possible upon the Tontine plan. The rates of premium are of course somewhat higher than in the old series, but some assurers desire bonuses almost before they are earned, and the new series secures the highest bonuses at the earliest periods at which they can be declared with fairness to the office and justice to other assurers. These bonuses may also be applied towards relieving policies from future payment of premiums.

In the returns made to the Board of Trade the Norwich Union Fund is kept distinct from the Amicable Fund. No new policies are issued under the latter branch. The claims upon the Amicable Fund were unusually heavy last year, having fallen upon large policies. This, however, was counterbalanced by the extraordinary ages at which the lives fell in. The average age of forty-two lives that dropped was no less than 76 years, two of which, including the late Lord St. Leonards, had attained their 94th years, and seventeen, comprising the principal heavy claims, fell between 80 and 90 years.

Whatever the old Amicable may have done in the reign of Queen Anne, it chose its lives well during the present century. The claims under policies for the year ending April 4th, 1875, amounted to 78,358*l*. The old office of the Amicable in Serjeants' Inn, Fleet Street (now occupied by the Joint-Stock Companies' Registration Office), still figures among the assets of the office. The rate of interest of the two offices must be regarded as highly satisfactory, being 4*l*. 12*s*. 2*d*. per cent. upon the Norwich Union, and no less than 4*l*. 18*s*. per cent. upon the Amicable Funds. The most noticeable feature in the directors' last report was the large amount of profit, 22,916*l*., which arose during last year "from the realization of sundry securities of a contingent or reversionary character." The expenses of the management are very moderate, amounting only to about 7 per cent. of the income.

The Norwich Union sustained a heavy loss at the beginning of the year, in the death of its genial and kind-hearted secretary, Sir Samuel Bignold. "Having filled the office of secretary for more than half a century, and having attained the patriarchal age of eighty-three years, he preserved to the last, in a surprising manner, the intellectual vigour for which he was remarkable." Sir Samuel Bignold was, perhaps, the best known public man in the eastern counties, and the prosperity of the two sister institutions, the Norwich Life and Fire Offices, was in no small degree owing to his long-continued and untiring attention. He has been succeeded as secretary to the Life Office by Mr. Thomas Muir Grant, late district secretary of the Scottish Widows' Fund Life

Office, in the west of Scotland, and in the secretaryship of the Fire Office by his son, Mr. Charles Edward Bignold. The actuary of the Norwich Life Office is Mr. C. J. Bunyon, M.A., Vice-President of the Institute of Actuaries, author of various standard works on life and fire insurance.





THE SUN LIFE OFFICE.

THE early history of life insurance is intimately connected with that of fire insurance, although insurances against fire and upon lives are in turn of much later origin than insurance against the perils of the sea. The Sun Fire Office was established in the year 1710, and it was not until it had conducted its fire insurance business with success for a century that its directors (called managers in this office) determined to extend their operations to life assurance. Accordingly the centenary of the Sun Fire Office was celebrated in the year 1810 by the establishment of a life assurance office, administered by the same managers and belonging to the same proprietary as the fire office. In the words of their prospectus:—"The Sun Fire Office Company had enjoyed so large a share of the public confidence and support as to induce an expectation that a life assurance office, conducted on the same system, might obtain an equal share of patronage, an expectation which subsequent experience has fully realized."

The Sun Life Office is the only life assurance office projected in the year 1810. There was, indeed, rather a

lull about that time in life assurance, and it was not until 1815, the year of the establishment of the Scottish Widows' Fund, that any life office was started with sufficient vitality to come down to the present day. The Sun Life Office was founded at a time when the law relating to insurance associations was in a most unsatisfactory state. The Philanthropic Annuity Society, established in 1806, but now extinct, had determined in 1809 to remove its secretary. He still continued, however, to receive subscriptions, and the members indicted him. Lord Ellenborough, in his judgment, said:—"The society was certainly illegal, and therefore to deprive an individual of an office cannot be treated as an injury." This society had been founded, like most others at the same period, without the authority of a special Act.

In the year 1814 the managers of the Sun Office went to Parliament and obtained two Acts, one (54 Geo. III. c. viii.) enabling their life office to sue in the name of their chairman and secretary, and another enabling the fire office to sue in the name of the treasurer. The Government of the day, however, took stringent precautions not to diminish the security of the policy-holders, as a clause was inserted in each Act declaring that when a judgment had been obtained against the chairman or secretary, execution might notwithstanding be issued against any of the shareholders. The latter remained therefore individually as well as collectively liable for all the debts and contracts incurred and entered into by the managers on their behalf. Most of the insurance companies founded at this time obtained similar Acts.

authorizing them to sue and be sued in the name of their chairman, &c., but the Government insisted in every case upon the insertion of the protection clauses, so as to maintain intact the liability of the proprietary body in mixed offices and of the policy-holders in mutual offices. The managers of the Sun again went to Parliament in 1827 to remove doubts as to annuities purchased. Ten years later they obtained the Act hereinafter mentioned, enabling them to divide profits with their policy-holders.

The Sun Life Office, on beginning business, adopted the table of premiums then in general use, which was not found to be adapted to the actual risk incurred. They were fortunate enough, at a later period, to secure the services of an able and distinguished actuary, Mr. Joshua Milne, who framed the Carlisle table. Up to this period the Northampton table had been generally adopted. It was the table calculated from the burial registers kept at Northampton and some adjoining parishes, on which Dr. Price, in his famous work on annuities, laid the greatest stress. It appeared to Mr. Milne, however, that, from original defects in the construction of the table, as well as from the improvement in the general health, the mortality represented in the Northampton table was decidedly above the average rate of mortality. This conclusion was disputed by Mr. Morgan, the learned actuary of the Equitable Society; but the experience of the Equitable itself, to some extent, refuted its actuary, for the deaths of persons insured in the Equitable Society, from 50 to 60 years of age, during the twelve years previously to 1828, were 339, whereas according to the Northampton table they should have been 545! Mr.

Milne endeavoured, indeed, to show, in his article, "Annuities," in the "Encyclopædia Britannica," that the discrepancy was really much greater. Mr. Milne recommended the managers of the Sun to adopt a table framed by him from observations made by Dr. Heysham on the rate of mortality at Carlisle. It gives a decidedly lower rate of mortality than the Northampton table, and as it offered proportionate advantages to life assurers, there can be no doubt that Mr. Milne's researches gave a great stimulus to life assurance in England. The Carlisle table has, in its turn, given way in many instances to later statistics of mortality, and the progress of actuarial science has rendered it necessary for the editor of the new edition of the "Encyclopædia Britannica" to entrust the article "Annuities" to a living actuary (Mr. Sprague). But Mr. Milne did good work in his day, and conferred benefits, not only upon the life office of which he was the actuary, but upon the cause of life assurance generally. The general opinion in his day was that insured lives were decidedly above the average. We owe, however, to the sound judgment of Mr. Milne the dictum, which, in these days of competition, every life assurance director should lay to heart, that "all the caution and selection which the offices in general can exercise is necessary to keep the lives insured up to the average goodness of the bulk of the population." When a bad life is refused by one office, it is offered to another, and good judges have doubted whether, if the results of the experience of all the offices were accurately known, there would be much foundation for the belief in the superiority of insured lives.

The Sun Life Office, having confidence in their actuary, adopted in 1820 the fresh tables calculated by Mr. Milne, wherein the premiums at different periods of life are more accurately proportioned to the risks. It was found that, by these tables, especially in the earlier stages of life, the premiums were lower than those required by most other offices. Life assurers were naturally drawn to an office which, in addition to the security of a large capital, issued policies on more moderate terms. An ample guarantee fund was speedily formed, and the public patronage having enabled the managers to make a satisfactory dividend among the shareholders by whose capital the society was formed, the managers thought it expedient to apply to Parliament, in 1837, for power to enable them to make a division of the future profits of the society between the proprietors and the assured.

As soon as the managers had obtained their Act, they resolved to make an equal septennial division of profits between the proprietary and the policy-holders. They subsequently determined that policies effected after Midsummer, 1850, and remaining in force at each period of division, should participate in four-fifths of the net profits of the society, in proportion to their contributions towards those profits. They have since determined that the profits accruing from Midsummer, 1857, shall be distributed quinquennially instead of septennially, and that policies entitled to participate should do so at each division of profits after three annual payments have been made instead of five payments. As such policies effected now entitle the holders to participate in four-fifths of the profits, and as the premiums required by the Sun Life

Office for insuring young lives are lower than those of many other old-established offices, the managers submit that the society "offers great inducements to insurers, who are fully protected from all risk by an ample guarantee fund, in addition to the accumulated funds derived from the investments of premiums." The participation by assurers in 80 per cent. of the profits, and a bonus every five years, cannot be regarded as unsatisfactory.

The Board of Trade Returns of the revenue account of the Sun Life Office for the year ending June 24, 1874, give the amount of funds at the beginning of the year as 1,679,923*l.*, and the premiums 123,654*l.* The interest and dividends amounted to 71,693*l.* The claims under policies were 114,242*l.*; commissions, 4327*l.*; expenses of management, 9317*l.* At the end of the year the society's funds amounted to 1,727,740*l.* The balance-sheet in the second schedule informs us that the paid-up shareholders' capital amounts to 48,000*l.*, and that the accumulations thereto are no less than 263,110*l.* There is also an extra dividend reserve fund of 11,660*l.*, and an assurance fund of 1,404,969*l.* The assets show that the managers have invested about 200,000*l.* in mortgages on property, and about 200,000*l.* in Consols. The largest investments are, however, in railway, &c., debentures, and debenture stock, 817,110*l.*; and loans on county district rates, 319,387*l.*

The Sun Life Office has a strong board of managers. Mr. Joseph Hoare is chairman, and the board includes Mr. Sclater-Booth, M.P., President of the Local Government Board; Sir James Hogg, K.C.B., Chairman of

the Metropolitan Board of Works ; the Right Hon. W. Beresford, Secretary at War in the Derby Administration of 1852, and late member for North Essex ; Mr. E. H. Palmer, Mr. G. W. Currie, Mr. E. Dent, Mr. H. N. Shaw-Lefevre, Mr. R. B. Martin, and other well-known City names. The present actuary is Mr. John G. Priestley.

The business of the Sun Life Office is no doubt considerable ; yet it can hardly be said that the managers of this office go with the times, or display the liberality and enterprise which characterized their predecessors when they adopted Mr. Milne's revised tables in 1820. With such a staff of agents and the leading fire office business of the country in the hands of the managers, the life assurance transactions of the Sun appear to be capable of large and almost indefinite extension, whenever the managers, in the interest of the proprietary, abandon the policy of waiting until life business comes to them.





THE SCOTTISH WIDOWS' FUND.

THERE was a lull in the storm of energy that brought so many insurance offices into existence during the three years from 1805 to 1808, but the commencement of 1815 saw the rise of one of the greatest mutual life assurance offices in existence—the Scottish Widows' Fund Life Assurance Society.

As indicated by its name, the Scottish Widows' Fund had its origin in North Britain, its founders being a number of gentlemen of influence in Edinburgh, whose object in establishing the society was not to derive any profit or advantage therefrom, but to spread the benefits of life assurance in Scotland, where it was then comparatively unknown. The Scottish Widows' Fund, based on the provisions of a special Act of Parliament obtained by the founders, was the fourth mutual life office, of existing ones, that put themselves before the public; but it had a far harder struggle for success than either of its three predecessors—the Equitable, the London Life Association, and the Norwich Union Society. In spite of all the efforts made by them, the benevolent founders of the Widows' Fund could not get their countrymen to under-

stand that it was a wise thing to invest a part of their earnings in a life policy, better even than putting it into the best of savings banks. The canny men of the North either could not or would not see it, and for a considerable time the business done was very small, the transactions being almost entirely confined to Edinburgh and its immediate neighbourhood. During the whole of the ten years from the commencement of 1815 to the end of 1824, the total amount insured was for not more than 432,667*l.*, a great part of this sum standing in policies taken by the founders of the society and their friends. To any other men but them the work would have been very discouraging; but they stuck to it with true Scottish energy and perseverance, and the result brought ample reward for their pains. Seven years after the date just mentioned, in 1832, Sir Francis Walter Drummond, of Hawthornden—who from the outset had taken an active part in trying to establish the Widows' Fund on a secure basis of widely-spread mutual interests—had the satisfaction of announcing to his friends, at a meeting held at Edinburgh, that the income of the society had considerably more than doubled within the preceding septennial period. While at the end of 1824 the total insurances amounted, as already stated, to but 432,667*l.*, they had risen to 1,042,742*l.* at the end of 1831. The annual revenue at this period was approaching 70,000*l.*, and there was an accumulated fund of upwards of 300,000*l.* It was admitted on all hands that the progress of the society was nothing less than wonderful, and great were the congratulations of the friends and members listening to Sir Francis W. Drummond upon their extra-

ordinary prosperity. What would they have said could they have seen into the future, and beheld the annual revenue of the Widows' Fund rising, in the space of not more than forty years, from 70,000*l.* to more than 700,000*l.*, and the accumulated funds from 300,000*l.* to the enormous sum of six millions sterling? The prediction of any such wealth, to be won at any time, would have been looked upon as madness by even the most sanguine of the early promoters of the Scottish Widows' Fund.

The success of the society during the second decennial period of its existence determined the directors, soon after the meeting just mentioned, to extend the sphere of their work over the Border. It was a somewhat bold undertaking, this invasion of England, seeing that the Widows' Fund, still comparatively small, and quite unknown south of the Tweed, would have to enter into competition with such old and powerful institutions on the mutual principle as the Equitable and London Life Association, not to mention equally dominant proprietary companies, such as the Provident, Rock, Eagle, and Atlas. However, the energy which had brought the promoters of the Scottish Widows' Fund thus far, went with them in their southward pilgrimage, where they ended in finding the Land of Goshen. It had been decided, previous to the extension of the business into England, that there should be a valuation of the affairs of the society, with division of profits every seven years; and during the period of the next septennial term, ending 1838, it was found that the total amount insured in the Widows' Fund had again more than doubled, rising from

1,042,742*l.* to 2,441,805*l.* The doubling process within septennial periods could scarcely be expected to continue for any length of time, and it ended with 1838; but the progressive march of the society went on at high speed the next septennial period, to December, 1845, showing a total of assurances amounting to 3,586,767*l.* The commercial panic of the following year affected, as most other assurance companies, so the Widows' Fund, and the two next septennial periods showed a slight falling-off in the amount of assurances effected, the total going down to 3,460,920*l.* at the end of 1852, and to 3,277,518*l.* at the end of 1859. But the next seven years brought with them a rise greater than any preceding one, the assurances during the period swelling by more than two millions, the seven years ending 1866 showing a total of 5,461,884*l.* A rise still more remarkable took place during the next septennial period, the last in the history of the society, when over seven millions of new assurances were issued. In December, 1873, the amount insured in the Scottish Widows' Fund had risen to the colossal sum of 17,000,000*l.*, the amount standing on about 20,000 lives, being an average of 850*l.* of individual assurance. There are few, if any, life assurance companies in Great Britain, mutual or proprietary, standing on a broader basis of security.

It appears from the last reports of the directors of the Scottish Widows' Fund, laid before the annual meeting of members at Edinburgh on the 22nd of May, 1874, that the revenue of the society during the year 1873 amounted to 733,977*l.*, of which total 498,295*l.* was derived from premiums, and 235,672*l.* from investments,

the latter consisting mainly in mortgages on property within the United Kingdom. The accumulated funds amounted to 5,439,201*l.* at the beginning and to 5,626,854*l.* at the end of 1873. During the year 1873 the Widows' Fund issued 2340 new policies, insuring 1,480,765*l.*, representing the largest amount transacted in any previous year of the society's existence. The total number of policies issued in the septennial period ending with December, 1873, was 12,058, and the total amount insured 7,000,000*l.* During the preceding septennial period, ending 1866, the number of policies issued was 8112, and the total amount insured 5,461,884*l.* It is scarcely necessary to enter into a further display of huge figures showing the immense growth and present high position of the Widows' Fund. The concluding words of the last report, drawn up by the able manager and actuary of the great corporation, Mr. Samuel Raleigh, as concisely as truly outline the picture, in the quiet remarks that "the whole circumstances of the society's position and prospects are of an eminently satisfactory and prosperous character," and that "it will undoubtedly maintain a very high place among the life assurance institutions of this country."





THE NORTH BRITISH AND MERCANTILE.

THIS prosperous and very strong company was formed by the amalgamation of the Mercantile Fire Insurance Company, of Threadneedle Street, London, and the North British Fire and Life Office, of No. 64, Prince's Street, Edinburgh.

The North British was established as a fire office in Edinburgh in 1809, and did not commence its life business until the year 1823. The original capital of the North British Fire Office was 314,200*l.* By the "contract of co-partnery" of 1809, the North British Insurance Company, although founded, in the first instance, only for insurance against losses and damage by fire, took power to extend their business at any future time so as to include life assurance. In 1823, the proprietors, on the recommendation of the directors, agreed that it would be beneficial to extend the business of the company to insurance on lives, endowments, and annuities, and resolved to double the subscribed capital, which thus amounted to 628,400*l.*, in shares of 200*l.* each. A Royal Charter was obtained in the following year which erected the company into a "body corporate and politic"

for the purposes both of life and fire insurance, and enabled it to sue and be sued by its manager. As soon as the Charter of Incorporation was issued, the directors recommended a further extension of the capital to a million, and the payment of a bonus of 50 per cent. to the original shareholders. This extension of capital left 1858 shares of the extended capital at the disposal of the directors, and a larger number of influential persons thus became interested in the success of the company. In 1860 the increasing business of the company, especially in England, rendered it necessary to go to Parliament for an Act (8 and 9 Vict. cap. xxviii.), which conferred various powers on the incorporated company, enabling them to hold landed or heritable estate, also to lend money on security of land in Great Britain and Ireland, and to purchase annuities issuable out of land.

In 1860 it appeared desirable to extend the business of the society to the East Indies and the colonies, as well as to foreign countries, and to make investments in those countries. The directors accordingly obtained an Act of Parliament (23 and 24 Vict., cap. cxv.) amending and extending their powers. The capital of the company being at this time 1,000,000*l.*, divided into 5000 shares of 200*l.* each, upon which the sum of 25*l.* only had been paid up, the Act reduced the amount of the shares, and increased the number, declaring that the capital stock should thereafter consist of 10,000 shares of 100*l.* each, upon each of which the sum of 12*l.* 10*s.* should be held to have been paid. The Act enacted that the "principal office or place of business" of the Corporation should continue to be within the city of Edinburgh. The Act

also contained a clause enabling the directors to acquire the business of any other insurance company.

The last cited clause was not long allowed to remain a dead letter, and this brings us to the history of the Mercantile Insurance Company, which was brought into existence by the great Tooley Street conflagration in 1861. This fire, which destroyed property exceeding two millions in amount, will also be remembered by the lamentable accident which befell Mr. Braidwood, director of the London Fire Brigade, and three other persons, who were killed by the mass of falling ruins. The principal insurance companies lost so heavily by this terrible fire that they simultaneously united in raising to a large amount the premiums on London mercantile risks. A strong feeling was excited by these proceedings, and a few leading merchants, thinking that the raising of the premiums could not be justified, determined to establish a new fire insurance company, under the name of "The Mercantile Fire Insurance Company." It started with a large subscribed capital, the shares of which were at once taken up by London merchants and other capitalists. The new company established special rates of fire insurance premiums for London mercantile risks, considerably below the rates proposed by the existing insurance companies, and the public were not slow in patronizing the new office.

The immediate and great success of the Mercantile Insurance Company attracted the attention of the North British, whose fire business in London was very small; and, as the Mercantile did not transact life insurance, an amalgamation was effected in 1862. The two companies,

however, found that they had a most powerful combination to meet, for the great fire companies were said, at the time, to threaten to enter into a ruinous competition with any companies, new or old, which refused to adopt the increased tariff.

It was settled that the capital of the North British should be doubled, and that the additional capital should be taken up by the shareholders of the Mercantile Insurance Company. The capital stock was increased accordingly from one million to two millions. The nominal amount of the shares, which had been originally 200*l.*, and was then 100*l.*, was further reduced to 50*l.* The additional million of share capital was allotted to the shareholders in the Mercantile Fire Insurance Company, it being provided that not less than 6*l.* 5*s.* should be paid on the issue of each share.

We have thus traced the history of the two companies up to the period of their amalgamation and complete and harmonious fusion. The North British was widely known as a Scottish Life and Fire Company, while the new company was known by their name of the "Mercantile Fire Assurance Company," as being an English company, which had no life business when it joined the North British, but only a sound and growing fire business. One of the main objects of the North British was the extension of its business in England, and by this union of interests it obtained an influential directorate and wealthy connexions in the heart of the City of London. Each company, it was agreed, should preserve its distinctive name, and the Act of Parliament declared that, from and after the passing of the Act, the name of the amalga-

mated company should be "The North British and Mercantile Insurance Company." It was enacted that the number of directors should be twenty-four, twelve of whom should constitute the Edinburgh and twelve the London board, the whole twenty-four forming the general court, and having the superintendence and right of control over the Edinburgh and London boards respectively.

In the year 1862, the year of the amalgamation, the united companies further strengthened their position by acquiring the business of the United Kingdom Life Office (founded in 1834), which brought to the North British and Mercantile an important and valuable connexion.

With the fire insurance business of the amalgamated company we have little to do in this place. We may, however, state incidentally that its growth was more rapid than that of perhaps any other company in the kingdom. In 1862 the premiums of the two united fire offices were 120,000*l.*, while in 1874 the amount had jumped up to 825,000*l.*!

With regard to the life department, the rapid growth of business since 1862 may be shown by a few figures. The number of policies issued, the sums assured, and the premiums received during the same two periods are as under:—

	No. of Policies.	Assuring	Premiums.
For the seven years			
1851 to 1858.....	2,700 ..	£2,018,493 ..	£67,348 4 0
Being an average of 386 in the number of policies issued, and 288,356 <i>l.</i> per annum of the sums assured.			

	No. of Policies.	Assuring	Premiums.
For the five years			
1865 to 1870.....	4,567 ..	£4,132,141 ..	£188,279 16 5

Being an average of 913 in the number of policies issued, and 826,428*l.* per annum of the sums assured.

In December, 1862, the income from the life department was 158,650*l.*; in 1874 the income had risen to 400,000*l.*, and the accumulated funds on life insurance were 2,396,269*l.* The total revenue from fire and life of this great company exceeds a million and a quarter sterling!

In 1870 the business of the incorporated company had so greatly increased, both in life and fire departments, that a further Act of Parliament was obtained. Provision was made for more effectually separating the funds, assets, and liabilities of the life department from those of the fire department. The accumulated funds of the life office, amounting in 1868 to 2,112,450*l.*, and all premiums to be thereafter received in respect of the life and annuity department were declared by the Act to belong to the life department, and to be free from any obligations of the society incurred with respect to fire insurance. The number of directors of the Edinburgh and London board respectively were increased to fifteen, and the thirty directors thus elected now constitute the general court.

The company have influential boards of directors in Glasgow, Liverpool, Newcastle-on-Tyne, Bristol, and Aberdeen. They have also boards of directors in New York and Boston; a Canadian board in Montreal; and

an Indian board in Calcutta. They have agents in the principal cities and towns not only in the United Kingdom but on the Continent and throughout the world. The life assurance business is conducted on the principle of combining the system of mutual assurance with the safety afforded by a large protecting capital. The vast accumulated funds in the life department, amounting to 3,794,751*l.*, might be thought to give the most entire security to policy-holders, yet they have the further general and additional security afforded by the fully-subscribed capital of 2,000,000*l.*, of which 250,000*l.* is paid-up. Thus, while a satisfactory dividend becomes yearly due and payable to the fortunate shareholders, the policy-holders on their part receive, in the shape of bonus, nine-tenths of the whole profits of the life assurance business.

The profits of the life assurance business are divided every five years. At the last investigation, in 1870, the surplus fund amounted to 182,274*l.*, which yielded a bonus of from 1*l.* 5*s.* to 1*l.* 19*s.* per cent. per annum on the sum assured, according to the duration of the policy.

The North British and Mercantile Insurance Company make their policies indisputable after five years' duration. If a policy-holder is unable to keep his assurance in force, he may either surrender the policy to the company for its cash value, or receive a policy free of premium for a larger sum corresponding to the cash value. By the half premium system a person may insure his life at one-half the usual rate for the first five years, and thus receive all the benefits of the half-credit system without any debt being incurred. The directors also offer the special

advantage of the double assurance system—particularly advantageous to young lives—by which, for a moderate premium, a policy may be effected which will increase to double the amount originally insured. The directors also adopt the “non-forfeiture principle,” whereby a free or paid-up policy may be secured after payment of one or more premiums. Every advantage and facility, in short, which can be prudently offered by any office, can be secured at the chief offices in Prince’s Street, Edinburgh, and in the handsome London offices, opposite the well-known statue of George Peabody, in Threadneedle Street.

The *personnel* of this great corporation is naturally a matter of the greatest importance to the policy-holders and shareholders. The directors of both boards are gentlemen of the highest position and of great experience. Lord Lawrence, late Governor-General of India, is the chairman of the general court of directors. The Dukes of Roxburgh and Sutherland are among its presidents. The chairman of the London board, to whom perhaps in the greatest degree both the establishment of the Mercantile Fire Insurance Company and the present position of the amalgamated companies is due, is Mr. John White Cater, of Mincing Lane, a gentleman highly esteemed in all commercial circles. The general manager is Mr. David Smith, F.R.S.E., whose energy and capacity for organization find full employment in superintending the working of the vast business. The actuary of the company, Mr. David Chisholm, is well known in the professional world, and, like the general manager, resides in Edinburgh. Mr. John Ogilvie, the venerable Edinburgh

secretary, has been connected with the North British since its formation, nearly seventy years ago, and has for very many years efficiently filled his present post. We must not refer to the London officials without a word of remembrance of the late Mr. G. H. Whyting, whose great popularity and experience did so much to establish the success of the Mercantile Fire Insurance Company. He was succeeded by the present fire manager, Mr. G. H. Burnett, whose efficiency is well known. Mr. Cockburn is the manager of the life department, having been recently appointed. The London secretary, Mr. F. W. Lance, was also the secretary to the Mercantile Insurance Company from its formation, and brings thorough business qualifications and a general experience to the discharge of his duties. Another important member of the staff is the auditor, Mr. George Murray, a certificated accountant of Edinburgh, who personally makes a most efficient annual audit of the company's accounts. The directors are always at hand to advise and encourage the staff, and it may be confidently expected that the quinquennial report for 1875, "the bonus year," will be eminently satisfactory "all round."





THE EDINBURGH LIFE OFFICE.

THE year 1823 saw the establishment of three great insurance companies, all of the highest class—the Edinburgh, the Economic, and the Law Life. Among these triple births of the same year, the Edinburgh Life Assurance Company counts itself the oldest, and, although there is some doubt on the subject, the claim may as well be admitted, and precedence be given to the offspring of Auld Reekie, if on no other ground on that of being a stranger from a distance. The Edinburgh was started early in the year 1823 by a group of lawyers in the capital of Scotland, who thought that their profession enabled them to uphold a proprietary life insurance institution at the side of the Mutual Scottish Widows' Fund, established eight years before, and just rising into success. "The result of experience having proved," the promoters said in their prospectus, "that life insurance is a most profitable mode of investing capital, and it being well known that it is through those connected with the law that the greater part of such business is derived, it is proposed to establish a company in Edinburgh for the

purpose of life insurance, and that the subscribers for six months, after the date of a meeting of the subscribers declaring the company established, shall be limited to the members of the legal bodies and accountants in Scotland." Much interest was evinced for the scheme thus propounded among the gentlemen of the long robe in North Britain, and the consequence was that the capital of the company, fixed at half a million sterling, divided into 5000 shares of 100*l.*, was soon taken up, and business commenced. By an important clause in the original rules of the company, long since repealed, together with the other only admitting lawyers, but equally effective while in existence, the first shareholders of the Edinburgh had likewise to be policy-holders. The shrewd promoters stated their case very frankly in the prospectus. "In order to obviate the main difficulty which has been found to attend the commencement of a life office," they put it forward with legal acumen, "and which lies in the want of a sufficient number of risks at the outset, it shall be a stipulation that each partner shall, on being admitted, effect an insurance either on his own life or that of another, to be approved of by the court of directors, to the amount of at least a tenth part of his subscription stock. This is a stipulation which, from experience, has been found to be attended with great advantage." The provision was attended, once more, "with great advantage," for it aided not a little in the successful establishment of the Edinburgh company. Through the shareholders becoming also policy-holders, the company at once attained not only a good but a highly distinguished connexion all over Scotland, and especially in and near

the capital. Among the earliest lives insured in the Edinburgh was that of the great Sir Walter Scott, who became a shareholder, and, being elected extraordinary director, was present as such at the first annual meeting, held on the 14th December, 1824. Sir Walter Scott, when taking a policy in the Edinburgh, may be said to have inaugurated the habit of life insurance among literary men. Previously very few insured their lives; but since then the habit has become general, till at this moment there are few names known in English literature which do not figure on the roll of policy-holders of one or other of our great life insurance institutions.

The first investigation into the affairs of the Edinburgh did not take place till after the lapse of twelve years from the establishment of the company, and was carried on with true Scottish caution, the directors devoting an unusually long time for ascertaining the minutest details of their position. The result was satisfactory, though not quite up to the standard of the directors, who, in declaring a bonus of about 28 per cent. on the amount of the premiums paid, stated in their report, that "had they only wished to gain temporary popularity, or had they allowed too sanguine a view of possible contingencies to influence their deliberations, they might have declared a larger amount of bonus," but that this had not been done because "in all their calculations the great object in view had been security." It was reported that at the period ending the 31st of August, 1835, there were 750 policies in force, insuring 680,500*l.*, and that the total claims paid from the commencement amounted to 79,130*l.* Soon after issuing the report of the first investigation of the

affairs of the company, the directors of the Edinburgh published the result of a grand enterprise undertaken on behalf of the company, being the construction of an entirely new series of mortality tables, based both on experience and the latest results of actuarial science. These tables, since known as the "Compound Edinburgh Mortality Tables," were formally adopted by the company on the 25th of April, 1836, and being far more favourable to policy-holders than the tables regulating the old scale of premiums, they led to a large increase of business. On the 31st of August, 1838, when the company completed its fifteenth year of existence, the amount of insurances in force had increased to 810,000*l.*, and the annual premium income to 28,000*l.*, while a reserve-fund had been created of 74,000*l.* It had been resolved in 1835 that henceforth there should be septennial investigations of the affairs of the company, and the next, occurring in 1842, showed that in the year ending the 31st of August the total annual income of the company, both from premiums and investments, amounted to 63,082*l.*, while the policies in force numbered 1304, insuring 1,278,271*l.* From this period the progress of the company was very rapid, as shown in the subjoined tabular statement, which gives the total annual income, the number of policies in force, the total amount insured, and the total claims paid at the period of each of the investigations, from the year 1835 to the last in 1871:—

The Edinburgh Life Office.

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Year ending Aug. 31.	Total Annual Income.	Policies in Force. Number.	Amount Insured.	Total Claims paid.
1835 ..	£31,065 ..	750 ..	£608,500 ..	£79,130
1842 ..	63,082 ..	1,304 ..	1,278,271 ..	217,132
1849 ..	80,538 ..	1,724 ..	1,606,745 ..	390,392
1856 ..	102,605 ..	2,785 ..	2,158,534 ..	698,991
1863 ..	137,421 ..	4,166 ..	2,800,651 ..	1,148,036
Year ending March 31.				
1871 ..	161,825 ..	6,301 ..	3,419,295 ..	2,000,000

In 1868 the financial year of the company was altered to close on the 31st of March, instead of, as before, on the 31st of August; and on this account the next septennial period, which was to have fallen in 1870, was postponed to 1871, thus making it a period of seven years and as many months.

The extent of the desire to obtain this company's policies can best be realized by a simple inspection of the following figures:—

Official Year.	New Sums insured.
Average of 7 years to the 31st of March, 1871	£310,510
Year 1872	364,100
Year 1873	467,215
Year 1874	550,935
Year 1875	632,482

It appears from the last annual report of the Edinburgh Life Assurance Company, for the year ending March 31, 1875, laid before a general meeting at Edinburgh on the 6th July, 1875, that since the septennial investigation of 1871, the progress of the company has been more

remarkable than at any former period. There were 1226 policies issued in the year 1874-5, insuring 632,482*l.*, an amount exceeding by 81,546*l.* the average of the preceding two years, and by 321,970*l.* the average for the septennium ending March 31, 1871. The death claims amounted to 84,103*l.*, bringing the total of claims paid since the establishment of the company up to 2,338,161*l.* During the year there were added 73,496*l.* to the accumulated fund, which stood at 1,189,799*l.* on the 31st of March, 1875. It was settled in 1835 that four-fifths of the whole of the profits of the company should be divided among the policy-holders, but subsequently the amount to be distributed was increased to nine-tenths of the profits, at which highly favourable figure it now stands. While it is at the option of policy-holders either to take their bonuses in cash or to add the amount to the sum assured, the latter is the most common choice in the Edinburgh, and it has frequently happened that policies have been doubled by bonuses, the average bonus rate on claims paid for a number of years having been as high as 30*l.* per cent. The Edinburgh was one of the first companies to adopt the so-called "non-forfeiture system," under which policy-holders who may desire to discontinue their annual payments can do so at any time by giving notice of it within the prescribed thirty days of grace, when they receive a "paid-up" policy, the amount of which, calculated on a basis of great liberality, is in general considerably above the amount paid in premiums. This "non-forfeiture system" is said to be very much appreciated in North Britain, and it seems desirable that it should meet with universal introduction in England, as

it would destroy at once an objection frequently made, of course in ignorance, that all paid premiums on dropped policies are so much wasted money. Life assurance, it is certain, would be far more general than it is, if the fact came to be strongly impressed on all minds, that a safe insurance institution has, among many greater advantages, that also of being a safe bank.





THE ECONOMIC LIFE OFFICE.

CONTEMPORARY of the same year with the Edinburgh and the Law Life, the Economic Life Assurance Society was founded in 1823, the deed of settlement bearing date May 31. The society was started on a new and excellent principle, which was to combine the mutual and proprietary systems, the former being adopted for permanent basis, and the latter as a temporary aid. The principle was explained in the first prospectus of the Economic, drawn up by the two principal founders of the society, Mr. George Farren, for a time resident director, and Mr. John Naylor, actuary and secretary. "Security and economy," the prospectus says, "constitute the excellence of an insurance institution. To the former a limited capital, or precautionary fund, is necessary during the infancy of a concern, and a speedy discharge of that capital by accumulated profits is essential to both; for although experience proves that the premiums of a society, carefully managed, must in all cases form an ample fund for the payment of losses, yet, if the insured are impressed with an idea that there is a chance,

however minute, that the premiums might be insufficient, they will not commit the interests of their families after their decease even to that remote hazard. The subscribers of a precautionary fund to meet this prejudice should be liberally recompensed while their capital is engaged, but ought not to remain a permanent incumbrance on the society, nor subtract any profit whatever from the premiums after the society shall have accumulated an adequate surplus capital of its own." Combined with the principle thus explained, undeniably as true in theory as resultful in practice, was another laid down by the promoters of the Economic, and upon which they claimed their right of title. "An entirely new table of premiums," they announced, "has been calculated expressly for the use of this institution, in which the rates of insurance for young and middle-aged lives will be found to be considerably lower than in any office in England, the society being established on such principles as to present the most economical mode of assurance to the public, combined with perfect safety." The rates originally fixed were slightly modified, six years after, in 1829, in favour of middle-aged and elderly lives, the directors of the Economic being the first to recognize the important fact that the progress of civilization, as shown in the gradual solution of all great sanitary questions, either by national legislation or individual enterprise, tended to prolong the existence of the aged even more than that of the young. The sound and practical wisdom of the original promoters of the Economic has remained, like a heirloom, with their successors, and to this day, after more than half a century of existence, it has remained an

absolute truth—known to actuaries intimately acquainted with life assurance even more than to the general public—that the society offers “the most economical mode of assurance to the public, combined with perfect safety.”

Under the provision of the deed of settlement of May 31, 1823, the “precautionary” fund of the Economic, consisting of a nominal capital of 200,000*l.*, in shares of 100*l.*, with one-fourth of the amount paid up, was ordered to be gradually returned to the subscribers, and this arrangement was completed in 1844, when the society became, as intended by the founders, an absolutely mutual institution. Long before this date its success had been fully established. It was provided that there should be a careful and minute investigation of the affairs of the society every five years, and the first that took place, in 1828, showed that the number of policies issued amounted to 1237, insuring 1,336,006*l.*; that the sum of 32,712*l.* had been paid in claims; and that the annual income was already 130,208*l.* The remarkably early success of the Economic exhibited in these few figures—a success entirely due to the excellent principles on which it had been founded, and not to any extraneous help, the society employing no agents nor paying any commission—continued to attend it uninterruptedly, as shown in the subjoined table, giving the results of the ten quinquennial investigations from 1828 to 1873. It is the *ab ovo usque ad mala* history of the Economic Life Assurance Society:—

Year ending Dec. 31.	Total Annual Income.	Policies in Force. Number.	Total Amount insured, with Bonus Additions.	Claims paid during Quinquennial Period.
1828 ..	£130,208 ..	1,237 ..	£1,336,006 ..	£32,712
1833 ..	246,250 ..	1,903 ..	1,851,959 ..	85,459
1838 ..	404,052 ..	2,739 ..	2,527,066 ..	143,011
1843 ..	556,439 ..	3,628 ..	3,243,795 ..	188,239
1848 ..	741,486 ..	5,097 ..	4,384,804 ..	301,612
1853 ..	957,554 ..	6,572 ..	5,568,320 ..	364,640
1858 ..	1,209,798 ..	7,818 ..	6,608,405 ..	534,808
1863 ..	1,392,566 ..	9,022 ..	7,795,574 ..	723,723
1868 ..	1,573,920 ..	9,576 ..	8,670,624 ..	1,043,212
1873 ..	1,710,987 ..	9,812 ..	8,746,539 ..	1,177,436

When issuing, last year, their "tenth quinquennial report," embracing the five years down to the end of 1873, and completing the first half century of the existence of the Economic Life Assurance Society, the directors accompanied the summing-up of facts and figures, describing the transactions of the period, by some very interesting remarks, recapitulating "the principles which have guided them in the administration of the affairs of the society." They state, with absolute truth, that "they have not endeavoured to obtain business by a profuse expenditure, nor have they attempted to keep pace with the excessive competition of the times. Knowing that their premiums have been fixed at the lowest point consistent with a due regard to safety, and that they are the guardians of a great trust, they feel that in justice to all demands no extra risk should be incurred without a proportionate payment, and that no new risk should be taken as extra hazard which could not be adequately provided for. It seems to them no less imperative

that the lives should be selected with the utmost care which medical skill can suggest, and no attempt has been made to measure a deviation from the strict standard of eligibility by the imposition of an extra premium. The directors, at the end of fifty years of the society's history, firmly believe that the success which has attended their operations, as reported at the several quinquennial courts, has been the natural result of the prudent course adopted." As will be seen from the preceding table, the total number of policies in force at the end of 1873 was 9812, assuring 8,746,539*l.*, while the annual income amounted to 1,710,987*l.* During the quinquennial period ending December 31, 1873, the number of new policies issued was 2015, assuring 1,505,670*l.*, and producing an annual premium income of 43,970*l.* The total claims paid during the period were represented by the figure of 1,177,436*l.* There were 1035 policies which carried absolute bonuses amounting to 220,138*l.*, or one-fifth of the total. The total claims paid by the Economic in the half century from 1823 to 1873 amounted to 4,594,852*l.*, while the insurance fund had risen from 64,719*l.*, at which it stood on the first quinquennial valuation, to 2,665,544*l.* at the end of 1873.





THE STANDARD LIFE OFFICE.

THE success of the Scottish Widows' Life Office, founded in 1815, and of the Edinburgh Life, founded in 1823, led to a belief among certain influential inhabitants of the "modern Athens" that room might be found for another proprietary life insurance office with certain special aims and objects of its own. The Standard was accordingly founded in Edinburgh in 1825—the year which also saw the institution of the University and Crown Life Offices in London. The Standard was originally founded as the "Life Insurance Company of Scotland," but as this title was wanting in distinctiveness, it was abandoned in favour of the Standard, which obtained a parliamentary sanction for its new name, and legislative permission in 1832 to sue and be sued in the name of the manager. In 1845 the Standard obtained another Act to amend and alter its former Act, and in 1859 further powers were granted for its re-constitution and the due regulation of its affairs.

As the school is that which the master makes it, so a young life office often takes its impress and character from its actuary. In 1837, the directors of the Standard

From 1850 to 1855 the amount of assurances

From 1855 to 1860	2,815,455
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From 1865 to 1870 5,713,813

The extensive and influential connexions of a company which has the Duke of Buccleuch for governor, and the Earl of Dalkeith and Earl of Stair for deputy-governors, and strong boards of direction in Edinburgh, London, &c., may in part account for the prosperity of the Standard. It owes its progress, however, still more to the liberality of its dealings, and, above all, to the adoption of the improvements and facilities suggested by its

manager in connexion with the contract of life assurance. The Standard took the lead in the liberalization of the life assurance contract, and was the first to promulgate many of the "free conditions" of life assurance policies which have since been adopted by other progressive companies. In 1856, for example, the Standard, acting on the manager's advice, adopted resolutions with the view of preventing policy-holders from losing the benefit of their policies through any oversight in payment of their premiums, not only within the days of grace, but within an extended period, embracing no less than thirteen months from the date when the premium unpaid falls due.

In 1861, the directors being desirous of conferring further benefits on policy-holders, passed a resolution on the subject of "free assurance." When a person proposed for assurance has obviously, from his occupation, and other circumstances, no intention of proceeding beyond the limits of Europe, he being not less than twenty-five years of age at the time, he is entitled to a "free policy," giving him permission to proceed to and to reside in any part of the world at a future time, without licence or payment of extra premium. Assurers who intended to make their policies the basis of marriage settlements, family securities, or security for money borrowed, were not slow to remark the advantage of their freedom from extra premiums for foreign residence. By the boon of a "free policy" their policies cannot be affected disadvantageously by their future residence, even if their business or other circumstances should call them to the most unhealthy climates. The directors also, at the

same time, made their policies unchallengeable after five years' duration, on satisfactory evidence of age if not admitted on the policy.

In 1870 the directors took further liberal measures for the benefit of the policy-holders, by adopting a system of guaranteed surrender values—not one average rate or per centage applicable to all policies, a system which, they came to the conclusion, did not do equal justice to all; but an allowance within certain limits, the precise sum being fixed according to the duration of the policy and the age of the life assured.

The Standard in its earlier years, and before life assurance amalgamation fell into the hands of financiers and company-mongers, did not hesitate to extend its business by purchase and acquisition. In 1844 the York and London office, founded in 1834, transferred its fire business to the Imperial and its life business to the Standard. In 1846, the Standard acquired the business of the Commercial Life, founded in 1840; in 1850, the business of the Experience Life Assurance Company, founded in 1843; in 1864, the business of the Minerva Life, founded in 1836; in 1865, the business of the Victoria Life, founded in 1838. These transfers no doubt largely helped to extend the connexions of the Standard, while they offered the policy-holders of several unprogressive companies the security of a strong and solvent office. Still the progress of the Standard has been in the main the result of an honest, legitimate, and diligent extension of its own proper business connexions. In 1866, the business of the Colonial Life, founded in 1846, was transferred. This company was an offshoot

of the Standard, the shareholders being much the same, and Mr. W. T. Thomson was manager of both companies. The junction was considered of importance to both offices, as tending to the advancement of their joint interests.

The Standard holds its annual meetings at its head office, George Street, Edinburgh, and at the forty-ninth meeting, last April, the chairman (Mr. Robert Hunter) indulged in a retrospect which it is permitted to few life offices to parallel:—"If we turn back no farther than ten years (said the chairman), the progress of the company is very marked. In each of the years since 1865 more than one million of new assurances have been placed on the company's books, making a total for the nine years of no less than 10,252,649*l.* This is a result of which no other office in the United Kingdom can boast, so far as I am aware. . . . Within the same period the funds of the company have increased from 2,696,052*l.* in 1865, to 4,821,005*l.* in 1874, notwithstanding that besides providing for all other expenses, the very large sum of 3,399,436*l.* has been paid in death claims during the period, being at the rate of 1,200*l.* for each business day of the nine years."

The results communicated in the report adverted to with so much satisfaction by the chairman were briefly as follows:—The amount proposed for assurance during the year 1874 (2001 proposals) was 1,322,935*l.*; amount accepted (1671 policies), 1,088,665*l.*; annual premiums on new policies during the year 1874, 35,891*l.*; claims by death, exclusive of bonus additions, 336,644*l.*; assurances accepted during the last five years, 5,720,234*l.*;

subsisting assurances at 15th November, 1874 (of which 986,103*l.* is re-assured with other offices), 17,779,362*l.* The revenue is 733,111*l.*, and the assets are 4,821,005*l.*

The funds of the company are in the main invested in mortgages on property within the United Kingdom, to the amount, namely, of 3,371,831*l.*; out of the United Kingdom, 52,811*l.* The sum invested in British Government securities does not exceed 40,000*l.* A further sum of less than 200,000*l.* is invested in Indian and Colonial Government securities; railway and other debentures and debenture stocks, 82,623*l.*; Indian railway stock guaranteed by Government, 139,336*l.* One item denotes that the directors still take the lead in instituting liberal measures for the benefit of their policy-holders. It is, "loans upon personal security with policies of assurance, repayable by instalments, 89,125*l.*" This item represents doubtless a very large amount of convenience to individuals in want of loans, and is quite independent of the usual item among the assets of a life office, viz. :—"Loans on the company's policies within their surrender values, 241,633*l.*"

The company have two schemes of division—one, the old "Tontine Scheme," which was the original scheme of the Standard, and adopts the mode of division similar to that of the Equitable Society; and the other, the "Equal Scheme," introduced in 1866. By the former, policies draw bonus at each division of profits, according to the number of years which have elapsed since their commencement. The "Equal Scheme" allows participation at each division in the form of a simple per centage, according to the number of years since the last investiga-

tion. This gives the more impatient portion of the public the option of securing larger additions to their policies at an earlier date than under the Tontine scheme, with reduced rates of premium at the earlier ages. The bonus table of the Tontine scheme shows that on a policy of 1000*l.* effected in 1835, the total sum now payable is 2187*l.* On a policy of 1000*l.* effected in 1845, the total sum now payable is 1579*l.* 10*s.*; and on a policy of 1000*l.* effected in 1855, the total sum now payable is 1214*l.* The rate of bonus declared in 1870 was 10*s.* per cent. per annum of reversionary addition from the date of each policy. On the modern, or Equal scheme, in which a large business is done, the rate of bonus declared in 1870 was 1*l.* 10*s.* per cent. per annum of reversionary addition. This is how the bonuses creep up each year:—The sum in the policy is (say) 1000*l.*, and on a policy effected in 1866 the bonus addition declared in 1870 made the amount 1075*l.*; 1867, 1060*l.*; 1868, 1045*l.*; 1869, 1030*l.*; 1870, 1015*l.* Is not a well-managed life office the best description of savings' bank?

The Standard, in addition to boards in Edinburgh and London, has offices in Manchester, Dublin, and other large towns, and agencies and local boards in India and the British Colonies. It does a large business in India and the Colonies. Although Mr. Thomson, after forty years' faithful service, has retired from his post as manager and actuary, he continues to give the directors the benefit of his experience and advice. He is succeeded, as manager and actuary, by his son, Mr. Spencer C. Thomson, B.A., Fellow of the Faculty of Actuaries, whose previous ac-

quaintance with the business of the office, acquired as assistant manager, admirably qualifies him to carry on the successful traditions of the society. The general secretary for England is Mr. H. Jones Williams.

The dividend and bonus to shareholders for 1874 amounted to 35,000*l.*, accompanied by a liberal division of profits among the assured. The last was a bonus year, and the next division will be made among policies which were in existence on Monday, the 15th November. The coming division of profits is looked forward to with great interest by the actuarial world, as the last division of 331,591*l.* in 1870 among the policy-holders—large as it was—is pretty sure, according to rumour, to show a considerable increase.





THE LAW LIFE OFFICE.

THE year 1823, as we have said, saw the establishment of three important life offices—the Edinburgh, the Economic, and the Law Life. The history and financial condition of the Edinburgh and Economic have already been given. The Law Life, of which we now propose to treat, was instituted as a proprietary institution at a time when experience had proved that life insurance, carefully conducted, was a safe and profitable method of investing capital. The lawyers of that day perceived that they have greater opportunities of furthering life assurances than any other class. It is often their duty to insist, as a matter of protection to their clients, that the lives of debtors and others should be assured, and the Law Life promised them a three-fold advantage—a commission upon the business introduced, good interest upon any shares they might take, and the usual advantages which policy-holders derive from bringing to an office an increase of sound and profitable business. The promoters wisely kept the management in the hands of the profession; but it should be known that the Law Life Assurance Society is as freely open to the general public

as any other office, although its shareholders must be connected with the Law.

The Law Life Office began with a subscribed capital of 1,000,000*l.*, in 10,000 shares of 100*l.* each. Its offices were at first at No. 60, Lincoln's Inn Fields, whence it migrated to its present handsome and central premises, next door to St. Dunstan's Church, and close to the Temple. Its first board of directors was eminently calculated to command the confidence of the legal profession. Life offices have ceased to enumerate in their prospectuses the uses and advantages of life assurance; but in 1823 the community required to be instructed, and the directors, in a somewhat quaint, but compendious paragraph, undertook to sketch the operations of a life assurance society, just as one of their number—then “Henry Brougham, Esq., M.P.”—afterwards undertook to describe the “Objects, Advantages, and Pleasures of Science.” It may be read with profit at the present day, for we should hardly know where to turn to find a better or more comprehensive *résumé* of the multifold uses and benefits of life assurance. This Law Life prospectus of half a century ago says:—

“Life assurance is more particularly deserving of attention as affording the means of enabling tenants for life, persons in the Army and Navy, the Church, the Law, or in public offices, medical or professional men, public and other annuitants, agriculturists, tradesmen, and all others whose income depends on their lives, to make provision for a wife, children, relations, or other dependents whom they may leave behind them; of raising money on loan where personal security only can be

offered ; of providing for the fines on renewal of leases held upon lives ; of making settlements upon marriage ; of securing the eventual payment of doubtful debts due to individuals or bodies of creditors ; of enabling proprietors of landed estates, and other persons whose property is charged with mortgages, or with portions, or other incumbrances payable on the determination of their own or other lives, to answer the charges when they fall due ; of securing to parents the return of premiums of clerkship or apprenticeship, marriage portions, capital embarked in business, or other advances made for children in the event of their premature deaths ; of reimbursing to the purchaser of any life estate, office, or annuity, his principal on the death of the person on whose life it is holden ; of rendering contingent property nearly equal in point of security with absolute property ; and generally as affording means of certain indemnity against any pecuniary loss, claim, or inconvenience whatsoever, to which one individual may become subject by reason of the death of another."

The Law Life obtained the sanction and co-operation of the highest names in the legal profession: Its earliest trustees were "plain John Campbell," as he then liked to be called, afterwards Lord Chancellor ; Mr. Pepys, afterwards Lord Chancellor Cottenham ; Sir J. Scarlett, afterwards Lord Abinger ; and Mr. J. Williams, soon to become Mr. Justice Williams. The board of directors, in 1828, boasted the names of Mr. Edward Hall Alderson, afterwards Baron of the Exchequer ; Mr. Bickersteth, afterwards Lord Langdale ; Mr. Henry Brougham, M.P., afterwards Lord Chancellor ; Mr. Richard Preston, the eminent conveyancer ; and Mr. Oliver Farrer, at this day

represented on the board by Mr. Oliver W. Farrer and Mr. W. J. Farrer. The directors have ever since commanded the confidence of the profession, and upon the board of the present day are the Right Hon. Russell Gurney, M.P., Recorder of London; Sir T. Henry, chief magistrate of Bow Street; Sir W. H. Walton; Dr. Bullock Marsham, Warden of Merton College, Oxford; Mr. H. Freshfield, Sir C. R. Turner, Mr. Bircham, and other names well known in the law. One of the latest accessions to the board is Mr. Malcolm, late assistant secretary of the Board of Trade, but since promoted to the Colonial Office. Mr. Malcolm and Mr. Hamilton were the joint authors of the report made to the Board of Trade last year upon the accounts and statements made by the companies under the Life Assurance Companies' Act, 1870. This report contains a skilful and searching analysis of the valuations adopted by the companies, and its chief author must be regarded as a valuable addition to the board of a life office.

The progress of the new society was steady and assured. Lawyers are as a class prudent, cautious, and provident, and the original shareholders not only insured their own lives in the Law Life, but brought many of their clients. At Christmas, 1833, being ten years from the institution of the society, four-fifths of the profits were apportioned among the assured, the remaining one-fifth being, as now, divided among the shareholders. The profits divisible among the assured are now apportioned every fifth year among those whose policies have been taken out two years previously. The Law Life Office has been distinguished for careful selection of lives, economi-

cal management, and a prudent investment of funds. The first speaks for itself in the amount of profit realized during the half century of the company's existence. The low rate of management expenses is seen in the fact that the Law Life stands sixth in the list of about one hundred offices, reported upon by the Board of Trade, the proportion of expenses of management and commission to premium income being 7·7 per cent. The chairman at the last meeting was therefore fully justified in stating that the business of the office is conducted at the lowest rate per cent. of any commission-paying office in the world. With regard to the company's investments, it is something to be able to say that the directors have never lost a shilling of their funds by a bad investment. In respect to its safety only two offices—both of much older standing—exceed it in the number of premiums in hand to meet its liabilities as represented by its existing assets.

The stability and prosperity of the Law Life are placed beyond question by its last balance-sheet and report. The assets of the society, including the guarantee and assurance funds, amounted at the end of 1874 to 5,700,687*l*. The society on the last day of December had been established fifty-one and a half years, and had during that period issued 20,303 policies, assuring upwards of 24,363,000. The income for the year 1874 arising from interest on investments and premiums considerably exceeded half a million. At the eight divisions of profits which have been made, reversionary bonuses amounting to 5,523,138*l*. have been declared. These reversionary bonuses added to policies may either be added to the policies in the form of reversionary sums, or

surrendered in consideration of a cash payment or a reduction of future annual premiums. The total claims paid, from the commencement of the society to the last day of 1874 have been—Sums assured, 7,738,439*l.*; bonus thereon 2,489,907*l.*; making together 10,228,346*l.* The total reversionary bonus which the society on the 31st December was liable to pay on the then existing policies becoming claims was 1,657,325*l.* The amount of reversionary bonus to be added in the present year was under calculation when the report was made to the special general meeting on the 5th of May. It has since been ascertained, and amounts to 662,104*l.* The present year is therefore one of rich and gratifying results alike to the proprietors and assured, the former receiving one-fifth and the latter four-fifths of the realized profits.

The year 1875 has been indeed a great and crowning epoch in the history of the Law Life Office. The capital amount of the Proprietors' Guarantee Fund was, from the year 1869 to 1874, 962,449*l.* In 1875 the result of the quinquennial investigation gave a realized profit of 599,757*l.*, one-fifth of which—viz., 119,951*l.*—being added to the Proprietors' Guarantee Fund raised it to 1,082,401*l.* The Guarantee Fund will, as provided by the deed of settlement, permanently remain at 1,000,000*l.*, and the surplus beyond 100*l.* on each of the 10,000 shares in the society, namely, 82,401*l.*, became available for division among the proprietors, in accordance with the deed of settlement. The directors, however, satisfied themselves with dividing 70,000*l.*, or 7*l.* per share, as bonus among the proprietors in proportion to the number of their shares, retaining on the Guarantee Fund the rest

of the surplus against contingencies. This will give the proprietors an annual dividend of 4*l.* 5*s.* per share, free of income-tax, payable out of the income of the Guarantee Fund from 1875 to 1879 inclusive.

The chairman at the special meeting held last May, (Mr. Bircham, of Parliament Street) congratulated the policy-holders and shareholders upon having achieved the society's millennium, because they met with the 1,000,000*l.* of proprietors' accumulated capital in their hands, and 82,401*l.* over. The power of compound interest and skilful life office management combined could scarcely be more forcibly presented than by the chairman when he gave some instances of bonus additions to the policies. In the case of a life aged 32 at entry and dying at 70, on a sum assured of 5000*l.*, the bonus addition was 3523*l.* In the case of a life aged 46 at entry and dying at 83, sum assured 5000*l.*, the bonus addition was 4617*l.* In another, where the life did not enter until aged 63, the sum assured being 2000*l.*, the bonus was 2079*l.* Since that table was made up, the chairman said even better specimens had arisen. In the case of a life of 41 at entry, falling at 80, on an assurance of 4700*l.*, the bonus was 3442*l.*; on another aged 24 at entry, dying at 73, the sum assured being 5000*l.*, there was a bonus of 4245*l.*; on another aged 41 at entry, falling in at 86, sum assured 5000*l.*, the addition was 5274*l.*; on another aged 34 at entry, falling in at 70, the assurance being 3000*l.*, the bonus was 2958*l.*; and on another life aged 52 at entry, the sum assured being 1300*l.*, the bonus addition was 1161*l.*

That an office which is proprietary, and allots one-fifth

of its profits to shareholders, and which also grants commissions upon new policies, should be able to show such results must be regarded as a triumph of successful management. The assets show that a larger proportion of the funds are invested in mortgages than in most other societies. Thus, while the Law Life has 70,000*l.* in the Three per Cents., and 140,568*l.* in railway debenture stock and debentures, it has the large sum of 3,380,000*l.* invested on mortgages, and nearly a million more on rent charges. "It is very difficult," said the chairman, "to find good investments at a fair rate of interest for five and a half millions of money, with our range of investments limited by our articles of association." Never to have lost a shilling of capital by a bad investment, during half a century, may not be unexampled in the history of English life offices; but how many private individuals could say the same of operations extended over the same period of time?

The Law Life Assurance Society has been fortunate in a distinguished succession of actuaries. Its original actuary was Mr. George Kirkpatrick, who came to the new office from the Atlas Life Office. He was succeeded in 1847 by Mr. W. S. Downes, son of Mr. Downes, the late actuary of the Economic. Mr. Downes died after twenty-one years' service, and was succeeded by the present actuary, Mr. Griffith Davies, nephew of the eminent actuary, Mr. Griffith Davies, of the Guardian Life Office. A difficult and onerous duty, which throws some light on the economical administration of the society, has just fallen on the actuary and staff of the Law Life Office—namely, to ascertain the profits of

the past quinquennial, and declare the amount of reversionary bonus to be added to each policy. All the investigations and calculations incident to these valuations have been performed by the ordinary staff, under the direction and superintendence of Mr. Griffith Davies; and the chairman of the special meeting held on the 5th of May expressed his great obligation to the actuary and staff for the extra services thus performed within the four walls of the building.

If the original founders of the Law Life could participate in this year of the society's millennium, we can conceive their astonishment on being told that the total risks borne by the society since its formation have been no less than 29,224,034/.*

* While our HANDBOOK has been passing through the press, the Directors of the Law Life have adopted new tables, by which the premiums for assurances on young lives are materially reduced.





THE UNIVERSITY LIFE OFFICE.

THE longevity of the British peerage has for many years been the subject of remark. It is found to be shared by country squires. Fresh air, country sports, agreeable pursuits, the resources of culture, easy circumstances, and comparative freedom from "carking care," tend to prolong life, and help to explain the length of days to which the "ruling classes" in England not unfrequently attain. In the year 1825 the idea occurred to a few University men to utilize this presumed longevity by founding a life office exclusively for the higher and educated classes. The Law Life had appealed to one of the learned professions two years before with a promise of success which has been most amply fulfilled, and it appeared to the promoters of the new office that the cream of the upper and educated class might be obtained by founding a life office for the exclusive benefit of the University men of Oxford and Cambridge. A University life office founded on this principle would appeal to the whole of the peerage of the three kingdoms, and the larger proportion of English country gentlemen and the clergy, together

with no inconsiderable sprinkling of barristers and physicians.

The project was taken up by so many peers, bishops, judges, divines, and eminent lawyers that its success was assured almost from the first moment. A Royal Charter of Incorporation was obtained, empowering the society to effect assurances on the lives of all persons who at the time of effecting such assurances "shall be or shall have been on the books or boards of any college or hall at Oxford or Cambridge, or any school connected with those Universities by scholarships or exhibitions." The University was established as a proprietary office, in order that the first assurers might feel confidence in the ability of the society to fulfil its engagements. The amount of capital originally subscribed was 600,000*l.*, but it has only been necessary to call up 30,000*l.* The whole of these shares are held by members of the Universities of Oxford and Cambridge. This amount of paid-up capital, by successive reserves and additions out of profits, now represents an accumulated fund of upwards of one million sterling, in addition to the liability (of course merely nominal) of the shareholders for an additional sum of six hundred thousand pounds. The accumulated fund of 1,022,681*l.* represents nineteen years' present premium income in hand—a surplusage and exuberance of security which would be running to waste if it were not applied in moderate but entirely satisfactory dividends and bonuses to the shareholders, and in rich and fruitful additions to the policies of the assured.

The year 1849, when the society had been established about a quarter of a century, affords a convenient resting-

place for observing the position and progress of the University. Its president was the Archbishop of Canterbury of the day, and among its vice-presidents were the Primate of the Northern Province, fourteen English bishops, and two distinguished judges. The board of direction included the well-known names of Baron Alderson, Henry Hallam, Justice Maule, the Lord Chief Baron, Vice-Chancellor Shadwell, Sir R. H. Inglis, and Sir Alexander Grant. Among the assured were a great number of members of both Houses of Parliament, but it was ascertained in 1849 that rather more than five-sixths of the persons assured in the University Life Office were clergymen. The fourth quinquennial division of profits had been made four years before—viz., in 1845, when it was found that the addition made for the five years 1840–5 had been 10 per cent. on the amount of each policy, making, with former additions, 40 per cent. on all policies effected before June 1, 1826. The amount accumulated from premiums had, in 1849, reached 500,000*l.* The annual income was 65,000*l.*, and the outstanding policies were 1,480,000*l.* The annual income is now (1876) upwards of 96,000*l.*, and the outstanding policies 2,270,000*l.* This is honest and legitimate progress, entirely independent of purchase and amalgamation, which, indeed, in the case of this particular society, is almost out of the question.

As time went on, it was discovered that the somewhat narrow basis on which the society had been founded prevented its due expansion. Colleges for the education of young men had been founded at King's College, London, at Durham, and other cities; diocesan colleges

for young men intended for the Church were established in various dioceses; dissenting colleges and institutions in connexion with the London University also sprang up in various parts of the country. The Universities threw open their fellowships to Dissenters; members of the University of Dublin were admitted *ad eundem* at Oxford and Cambridge; and, while many hard-headed young Scotchmen gained the highest honours on the Cam and the Isis, distinguished English Fellows of the sister Universities were elected to professional chairs north of the Tweed. The University Life Office was not behind the great foundations of learning from which it derived its name in recognizing the liberalizing tendency of the age, and in marching *pari passu* with public opinion. The society in its earliest inception, although not avowedly, was still, from the nature of things, and in a great degree, a Church of England association, and the wisest step to take was to divest it as much as possible of a sectarian character, and to make it include all who had received an academic training. This was done by obtaining a supplementary charter, enabling the directors "to effect assurances and grant annuities on the lives and survivorships of all persons who, at the time of effecting such assurances, shall be, or shall have been, members of any university of the United Kingdom of Great Britain and Ireland, or of any college, hall, or other institution for the purpose of education in the said United Kingdom."

This was indeed a wide and liberal extension, the full and wise effect of which has hardly yet been understood by the educated classes. It makes eligible for assurance

in the society the members of all the Scotch and Irish Universities and Colleges, all the dissenting and other colleges affiliated to London University, and specially includes all public and grammar schools connected with the universities of Oxford or Cambridge by scholarships or exhibitions. By this supplementary charter the field of the society's operations has been immeasurably extended. Nor has the society been hereby unfaithful to the cardinal principle upon which it was established. That principle was the superior advantage derived from assurances on the lives of the educated and well-to-do classes. Those advantages (the directors unhesitatingly affirm) "have been confirmed by the experience of fifty years." In their last report they demonstrate the truth of this statement by a fact which is at once interesting and conclusive:—"The average age at which the policies have become claims has been $66\frac{1}{2}$ years, or $6\frac{1}{2}$ years better than the experience of good offices which assure ordinary lives. The principle of selected lives is thereby fully confirmed."

At the tenth quinquennial valuation last June the directors congratulated the shareholders and assurers, with reason, upon the satisfactory financial results manifested by the balance-sheet. They referred the calculations to Mr. Samuel Ingall, an actuary of high character and great experience, who agreed that a balance of 157,568*l.* as profit on the business of the five years was applicable to division. With Mr. Ingall's full concurrence the directors recommended that a reversionary bonus of 2 per cent. per annum for the five years, requiring 100,972*l.*, be added to policies in existence on May 1st,

1875. The one-tenth of profits due to the shareholders required the sum of 11,799*l.* This yielded a bonus of 1*l.* 19*s.* 4*d.* per share, exclusive of the interest of 5*s.* per share. There then remained in reserve, 44,816*l.*, which the directors recommended should be retained as reserve and undivided. The reversionary bonus declared in 1875 made, with former bonuses, a grand total exceeding 1,097,000*l.* of additions to policies granted out of the profits of the society.

One of the special advantages offered by the University Life Office is the early participation in the bonus to the full extent by young lives. Thus an instance is given of a young man who at twenty-one assured for 2000*l.* He paid a total premium in five years of 211*l.* 13*s.* 4*d.*, and his bonus in five years in 1870 amounted to 250*l.* ! The average rate of interest on the society's investments is 4*l.* 12*s.* 2*d.* per cent., and the total expenses do not exceed 5500*l.* a year. Mr. Buse's tables give the average amount of the University policies at 1326*l.*, in which respect it is only exceeded in amount by the four great life offices connected with the legal profession.

The president is, as heretofore, the Archbishop of Canterbury; and the Archbishops of York and Dublin, and several English bishops, grace the list of vice-presidents. Mr. J. Copley Wray is chairman of the board, and has, among his co-directors, the Marquis of Salisbury, Mr. Spencer Walpole, M.P., Sir James Alderson, M.D., the Bishop of Gloucester, &c. The distinguished physician, Sir Thomas Watson, Bart., who, as Dr. Watson, M.D., was physician to the society, with a seat at the board, more than a quarter of a century ago, is now the

senior physician, and still retains his seat at the board, to the great advantage of the society. The University Life Office was also fortunate in obtaining the services of a well-known actuary, Mr. C. M. Willich, whose tithe commutation tables obtained for him a wide reputation outside as well as within the actuarial world. On Mr. Willich's death, Mr. Charles McCabe was appointed to succeed him as secretary and actuary of the University Life Office, and Mr. McCabe is also Mr. Willich's successor in compiling the supplements to the tithe commutation tables. The society has a correspondent at Oxford and another at Cambridge specially charged with its interests; and a number of clergymen and gentlemen belonging to the society, and residing in various districts of England and Wales, have undertaken, as corresponding members, to give any information which may be required by any of their neighbours desirous of effecting an assurance, and who may be eligible as members. Altogether, the University Life Office, which celebrated last year the fiftieth anniversary of its birth, is an institution of which not only Oxford and Cambridge, but the whole country, may be proud.





THE CLERGY MUTUAL LIFE OFFICE.

LIFE assurance companies at first appealed to all classes and callings of the community. As competition, however, became more keen, the promoters of a new society found the advantage of striking out a new line, and of offering, by means of class offices, special advantages to the members of large, prosperous, and wealthy professions. The Law Life, the Clerical Medical and General, founded in 1824, and the University, founded in 1825, had shown that the law, the clergy, and the doctors might be appealed to with success by assurance companies more or less restricted to the members of those professions. These three offices were, however, proprietary offices, and it occurred to the Rev. John Hodgson that the time had come for establishing an office for mutual assurance among the clergy. The new society was in process of organization during the greater part of 1828, and was finally established at a public meeting held in May, 1829, and attended by the then Archbishops of Canterbury and York, several bishops and noblemen, and many of the clergy and laity. The society was enrolled,

like the National Provident, under the Friendly Societies' Acts, for the purpose "of raising a stock or fund, by means of the joint contributions of its members, for the mutual relief of each other, their wives, children, relations, or nominees, *in sickness*, infancy, advanced age, widowhood, and other natural states and contingencies, and for the lawful assurance of money to be paid on the death of members." Thus the society was founded with a sickness assurance branch, which it still retains, and last year sixteen members received from the society's funds, according to their claims, the sum of 1055/.

The Clergy Mutual Society started under the highest episcopal and ecclesiastical sanction, and with every presumption in its favour. The clergy lead sober, regular, and temperate lives; they are not exposed to the vicissitudes of the weather, and to exhausting duties at unseasonable hours, like medical men; nor are they called upon to pass many hours a day in the noxious atmosphere of the Courts, like the lawyers. It was also to be assumed that the statements of clergymen as to their health, habits, and antecedents would be truthful and reliable, as became their sacred profession. Mr. Hodgson had satisfied himself that a more favourable rate of mortality would be found among the clergy as a body than that which prevailed among the community at large. More accurate census and registration tables have shown that the speculation and assumption of 1829 has passed over into the region of fact. It has even received Parliamentary recognition. The fact that the duration of life among clergymen as a class is longer than among the population generally, was made the basis of the com-

mutation tables on the disestablishment of the Irish Church. Instead of adopting the annuity tables commonly in use, it was determined by the Legislature that an addition of 7 per cent. should be made to the commutation value of the incomes of Irish incumbents, simply on account of their lives being those of clergymen.

The early history of all great and successful undertakings has an interest of its own, and the Rev. John Hodgson, the founder and first secretary, has left on record a sketch of the steps taken to institute the Clergy Mutual. He says:—"Impressed as I was in 1829 with an idea that duration of life amongst clergymen would, upon experiment being made, be found to be longer than amongst laymen, I set myself to work to frame a scheme of assurance for the clergy and their families, based upon such a presumption. Happily, by reason of the official connexion which for nearly 100 years had subsisted between members of my family and the bishops and clergy generally, I was placed in a very favourable position for obtaining all the help which might be required from influential quarters. The Archbishops Howley and Vernon, Bishop Blomfield, the present Bishop of Winchester, and I may say all the bishops of the time, approved and encouraged my undertaking. Archdeacon (afterwards Dean) Lyall, Archdeacon Croft, Archdeacon Hale, Joshua Watson, George Byng, M.P., together with my brother, Christopher Hodgson, and so many more in number that I cannot introduce the names of them all, at once gave me their countenance and support, consenting many of them to co-operate with me in the work, and becoming guarantees in various amounts in

the payment of early expenses. Thus the Clergy Mutual Assurance was established, and in 1829 took its place amongst other companies in London as a Life Assurance Class Society. Forty years have now been passed through; like a shadow are they gone, it may truly be said, and of the original founders of the society there remain only the Bishop of Winchester, Archdeacon Hale, who for upwards of thirty years has been the much valued chairman of the board of directors, Christopher Hodgson, and myself."

This was written in 1869, and now all have passed away. Bishop Sumner is dead. Archdeacon Hale is dead. The writer, many years vicar of St. Peter's, Thanet, is dead. Lastly, the directors, in their most recent report, record with regret the death of Mr. Christopher Hodgson:—"Mr. Hodgson (they said) was one of the original directors, and for forty-four years the society had the benefit of his sound judgment and wise counsel in the conduct of its affairs. Owing to increasing age and infirmities he retired from the committee of management in 1873, but allowed his name to remain on the list of directors until his death. Like his brother, the late secretary and founder, he was happily spared to see the success of the society in which he took so deep an interest, universally acknowledged." The directors, in the same report, also referred to the death of their consulting actuary, Mr. Samuel Brown, formerly president of the Institute of Actuaries, a gentleman of the highest professional reputation, who has been succeeded by Mr. Frederick Hendriks, the able actuary to the Universal Life Office.

The premiums for assurance upon life of the new office were based upon the Carlisle table, with a percentage added for expenses of management. Mr. John Hodgson took a wise precaution in adopting a table of mortality that was pretty sure never to be exceeded by the members. The fact has been that the rate of mortality among the policy-holders has been throughout much more favourable than that exhibited in the table on which the premiums were based. The interests of the members have in no way suffered from adopting such a table, and there can be no doubt that it is from this margin of security on the one side, and actual mortality experience on the other, that a large proportion of the profits returned to the members by way of bonus has been derived.

The Clergy Mutual, of course, could not offer its members the security of the paid-up capital of a proprietary office, and the earliest assurers consented to pay their first premiums and to waive notwithstanding any claim or title arising from their assurances, until ninety other members had taken out policies. If any one of the earliest assurers died, it was stipulated that his premium was to be returned, with interest at 5 per cent. Happily for the assured, the required number of members was obtained before a death occurred, and as soon as this happened policies were issued securing to each of the ninety the full amount assured. An additional security was offered to the members by the formation of a guarantee fund, consisting of various sums subscribed by the clergy and other well-wishers of the institution. This fund, amounting altogether to 5182*l.*, was in the early

years of the society's operations a real protection, and served the purpose of the paid-up capital of a proprietary office, with this difference, that no interest was payable upon it. It is still held in reserve, but more for ornament than use, as the capital derived from premiums has been found since the commencement more than sufficient for the payment of all claims.

The progress of the Clergy Mutual may be briefly shown by the surplus divided among members at each bonus year since the commencement of the society—viz. —In 1836, 3192*l.*; 1841, 13,089*l.*; 1846, 39,500*l.*; 1851, 79,844*l.*; 1856, 74,900*l.* (a falling off); in 1861, 148,300*l.*; in 1866, 200,500*l.* The profits divided among the members for the five years ending with the 31st May, 1871, were 280,000*l.* The total profits divided since the commencement of the society have been 839,325*l.* The total amount of claims upon death from commencement of society to June 1, 1875, was 1,265,881*l.* The annual income is 266,603*l.*, arising from—premiums, 176,735*l.*; interest, &c., 89,869*l.* The increase of reserved capital in the year 1874-5 was not less than 83,937*l.* The total funds amount to the colossal figure of 2,228,346*l.*

Membership is confined to the clergy of the Church of England and of the Episcopal Church of Scotland; yet not to the clergy only. Their near relations, male and female, and their wives, and the near relations of their wives, are also by the rules qualified to become members. The Clergy Mutual grants no commission, and has no agents for obtaining business; whereby it is computed a sum of not less than 190,000*l.* has been saved to the

society's funds. The interest on the society's investments does not exceed the average rate of 4*l.* 4*s.* 6*d.* This is by no means a high rate of interest, and some improvement might probably be made if it may be assumed that its namesake, "the Mutual," can obtain with safety 4*l.* 10*s.* all round for its investments. The value of compound interest is strikingly shown by the fact that claims amounting altogether to 45,325*l.* have been paid in consideration of 19,985*l.* received in premiums. The average amount of each policy is high—viz., 876*l.* The Clergy Mutual is one of the most economically-managed offices in London, its expenses from every source not exceeding 3*l.* 7*s.* per cent. It is, indeed, second on a list of one hundred offices for economical administration. It has twelve years' premiums in hand to meet its liabilities, but is in this respect only No. 16 on the list.

The Clergy Mutual has always received the patronage of the highest dignitaries of the Church. The Archbishop of Canterbury is a patron and trustee. The Archbishop of York is also a patron. The president is the Bishop of London, and the chairman of the board of directors is the Archdeacon of Westminster. Several deans, archdeacons, and canons are upon the board. The present actuary is Mr. Stewart Helder, Fellow of the Institute of Actuaries; and the secretary, Mr. Matthew Hodgson, is grandson of the founder and original secretary. The Rev. John Hodgson's name will be remembered in honourable association with the Margate Royal Seabathing Infirmary. This most valuable charity was about to be closed for want of funds, when Mr. Hodgson appealed to the public for 5*s.* subscriptions with so much

energy and success that the institution began a new lease of usefulness. The original tables of the Clergy Mutual were compiled by the veteran actuary, Mr. Charles Ansell, F.R.S., who also drew up the tables of the National Provident Institution.





THE MUTUAL LIFE OFFICE.

THIS society was established on the mutual system, as its name denotes, in 1834, which also saw the birth of the Universal. Its founders were Mr. William Burchell, the present solicitor to the society, and his brother, Mr. James Burchell, still a member of the board of directors, whose rare happiness it has been to watch the progress and prosperity of the society, and whose portrait will, it may be hoped, remain in the board-room for many generations to come. Mr. James Burchell has described, with great zest, the faith which animated him in establishing the new company, and the simplicity of their proceedings. "All the capital we possessed," he says, "consisted in a couple of chairs, a table, and some pens and paper." From this humble origin, within forty years, has arisen a sound and prosperous life assurance office, with an income from premiums of about 80,000*l.* a year, about 40,000*l.* a year from interest, and an accumulated fund of 830,000*l.*

The Messrs. Burchell were convinced of the safety and benefit of the mutual system by studying the history of the life assurance companies existing in 1834. The

lesson deduced from the vast extent of their business and the large profits which they distributed among their members was that, with adequate premiums, and with prudent and vigilant management, there was not much greater risk for a mutual than a proprietary company, while, if successful, the whole of the profits would belong to the policy-holders. The Messrs. Burchell and the directors canvassed diligently among their friends and business connexions, and at the end of the first year they had accumulated a nest-egg of 3889*l.* from premiums. They enforced the strictest economy in the management, so that their expenses to the end of the first year only amounted to 574*l.* In the first five years the expenses did not exceed 5656*l.*, an average of 1132*l.* per annum, including the preliminary expenses of forming the society. There was no claim by death until the third year. The first years of a life office which carefully selects its lives form a truly blissful time. It is "all coming in, and no going out." This was the early experience of the Mutual. Out of upwards of 300,000*l.* newly assured in the first five years, constituting an average of 184,000*l.* in existence at the end of each year, the total claims by death only amounted to 6600*l.*, an average of 1320*l.* per annum. Now that all danger is passed, and that the Mutual has more than ample capital in hand to meet its liabilities, it may be suggested that the early career of a mutual office which starts without either subscribed or guaranteed capital, is a little risky. It may be, however, mentioned that a guarantee to the Mutual was given by fifteen gentlemen for the sum of 500*l.* each, or 7500*l.*, to meet any special loss, and so the contingency above

mentioned was guarded against. But a limited business may falsify the best constructed tables, and if a few of the heaviest policies fall in and become claims, or if some fatal epidemic should break out and thin the ranks of its members, such a society might succumb in the earlier years of its existence. However, the Mutual survived both these perils,—firstly, by escaping from any loss in the beginning; and secondly, by forming the guaranteed fund. In 1844, the total claims paid were 29,040*l.*, while the annual income had increased from 4211*l.* in 1834 to 22,479*l.* During the next thirty years the society's history was one of steady and satisfactory progress. In 1874, the total claims paid amounted to 1,020,308*l.*; income, 115,222*l.*; amount of assurance fund, after paying claims, 829,044*l.* The policies in force, which were 105 in 1834, had risen in 1874 to 4554; the sums assured and in force, which were, in 1834, 96,606*l.*, had increased in 1874 to 2,551,467*l.* Nor was this progress attained by leaps and starts, with intervals of retrogression. It has been, on the contrary, steady and sound, with only a fractional falling-off in one or two recent years, when every life association was discredited by the misconduct and insolvency of one or two offices now vanished into thin air.

A new office has little claim to public support which does not strike out for itself some new line, or supply some new want or feature. The father of the Mutual Society and his co-directors thought they had discovered some defects and shortcomings in the previously existing life assurance companies; and one of the advantages they offered to assurers was an annual division of profits. The

usual system at that time was a division of profits at fixed periods, varying from five to ten years ; and quinquennial, septennial, or decennial valuations and divisions are still the rule in the larger offices. The directors of the Mutual, however, contended that great inequality, not to say injustice, resulted therefrom. The families of some members by the accidental interval of a day might be, and sometimes were, deprived of large accumulations to which the members had been contributing for many years. Such families might fairly consider themselves entitled to a proportion of these funds in common with the families of those members who survived the period of division. The associations so dividing profits at quinquennial and other periods usually remedy the injustice by allotting an intermediate addition in case of death in the interval. But the annual division of profits after making, by annual valuations, a proper reserve for future liabilities and for the ordinary fluctuations of mortality from year to year, enables every assurer to share in the surplus to which he has contributed up to the period for which his last premium has been paid. This was one of the advantages which the Mutual Society offered to its members, and to which it still adheres. The result is that the division of profits is made annually, and every member participates in the profits from the date of his policy after payment of the second premium. The principle has been much discussed, and is not generally accepted by other life offices, but it has brought business to the Mutual, and the directors challenge other assurance offices to show equally remunerative returns to policy-holders.

Another advantage offered by this society is that, after an assurance has been in existence and unquestioned for five years (provided the life upon which it is made has attained the age of 30 years) the policy will be indisputable, unchallengeable, and relieved from all conditions, except, of course, the payment of the annual premiums. If within the five years any misstatement or suppression in the declaration is discovered by the society, the actuary is to give notice to the policy-holder, and the society is free to contest the policy. But when the five years have elapsed, if the person assured has then attained the age of 30, any misstatement or omission is cured by the lapse of time. The directors probably consider that a disease which shortens life will usually have run its course in five years. However this may be, no one will doubt that it is an immense satisfaction and relief to a person whose life is assured to feel, when some given day arrives, that the directors have solemnly and legally pledged themselves not to challenge or dispute his policy upon any pretext whatever. This important step in advance of the general rules then prevailing was taken in the year 1868. The resolutions embodying them were settled in General Courts held in April and May, 1868, and are now part and parcel of the constitution of the society. The effect is that the policy will not become void or voidable, as in most other societies, by reason that the assured shall die by suicide, or duelling, or by the hands of justice.

“It is the aim of the directors (states the prospectus), by the utmost liberality to the assured, to render life assurance as popular as possible, consistently with justice to all concerned.” These are no empty words, as the

regulation in regard to persons who may die by their own hands abundantly testifies. The *Insurance Record* recently contained an able *résumé* of a little treatise by Dr. Emminghaus, manager of a German life office—"the Gotha"—as to the practice of insurance companies with reference to suicide. The German physicians who have made lunacy their special study, have given it as their opinion that suicide is entirely the result of a diseased mind. This would imply that a man cannot be said to commit suicide if insane. Some of the German companies, however, repudiate claims under suicide, even when the assured is proved insane, and, generally speaking, the English offices appear to be more liberal in their practice herein than the German companies. But has not the risk of suicide been too long the bugbear of our English life offices? The *Insurance Record* justly points out that suicides on the Continent are more frequent than in this country. Suicides are abhorrent to the English mind, and, in this country at least, it may be safely held that suicide is always the result of a diseased brain. The new rule, freeing policies from the risk of being vitiated by suicide, came into force six years ago; the experience of the society as to suicide, over five periods of six years each, is as follows.—

1844—1849	Per centage of suicide to claims	1·7
1850—1855	„ „	1·0
1856—1861	„ „	2·3
1862—1867	„ „	1·9
1868—1873	„ „	0·9

These figures are somewhat remarkable, and although it would be absurd to suppose that the new rule prevented

suicide, yet it is clear that it has not stimulated it as a practice. The experience of the Mutual thus shows that the risk of an Englishman taking away his own life in order that his family may reap the benefit of his assurance money has been hitherto over-estimated, and that it is, in fact, so small as to be inappreciable. We own to a belief that every English life office might issue its policies at once free from any condition whatever as to suicide. Who can tell how much life assurance may have been hindered by this obsolete vestige of a barbarous prejudice? A man "knows what he is, but not what he shall be;" and if he is haunted by an apprehension that under some dreadful weight of misery and misfortune he might one day lose the balance of reason, what is more likely to deter him from assuring his life than the stringent conditions as to suicide of some of our older societies? However this may be, the liberality of the Mutual is worthy of notice and imitation. It was further enacted, in 1868, that every person assured under policies fulfilling the above conditions might engage in any occupation, or travel to or reside in any part of the world, free of extra premium.

Another feature of the Mutual Society is the mode of dividing profits, which is in proportion to all the premiums paid, accumulated at compound interest. The effect is to give each member's family a full share of the profit accumulated at the time the policy becomes a claim, and a steadily increasing bonus to those who live longest. It will thus be seen that new members of the Mutual share equally with old members in the profits realized on a fund of £30,000/. It also appears from the society's

accounts that the average bonus paid on claims in 1874 was over 40 per cent. on the sums originally assured.

The bonus tables of the Mutual show the satisfactory profits which have accrued to members from the careful selection of lives, and prudent management. Upon a life aged 25 at entry on a policy of 1000*l.*, the bonus in ten years was 177*l.*; in twenty years, 353*l.*; and, in the thirty-five years ending in 1872, the total sum payable with bonus was 1629*l.* In the case of a life aged 40 at entry, and assured for 1000*l.*, the sum payable in like manner in 1872 was 1777*l.* In a life aged 50 at entry it was 1956*l.*; in a life aged 55 it was 2145*l.* In another table an account is given of thirty policies, the owners of which have taken the option of a reduction of premiums. In these cases not only have the premiums been wholly extinguished, but bonuses have been since added to the policies. In one policy of 1835 for 1000*l.*, age at entrance 26, the original premium (now wholly extinguished) was 22*l.* 1*s.* 8*d.*, and an addition has been made to the policy since the premiums were extinguished of 163*l.* In a policy of 1841 for 2000*l.*, age at entry 30, original premium (now extinguished) 50*l.* 3*s.* 4*d.*, the addition since the premium was wholly extinguished is 160*l.* In a policy of 1846 for 5000*l.*, age at entry 41, the original premium was 171*l.* 13*s.* 4*d.* The premium is now extinguished, and 390*l.* since added to the policy, and so on.

The failures of two or three life assurance offices, and the doubts publicly expressed as to the solvency of others, caused, not long ago, a period of severe depression in assurance business. The first offices in London

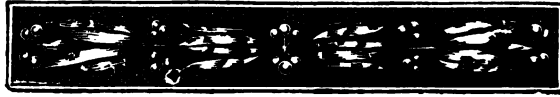
did not escape, and the general check given to public confidence seriously diminished the amount of that new business which is the life and soul of life assurance. The directors of the Mutual found that, in common with other offices, they did not advance so much as could be wished, and they wisely determined to give a larger publicity to the society. The chairman told the shareholders in February that the directors had incurred an expenditure of 1600*l.* in advertisements, and if they had not done so they would probably have retrograded. Our older life offices too often starve their business by a parsimonious outlay in advertising. They acknowledge the value of publicity in all other commercial undertakings, and neglect it in their own. Life offices should, however, bear two facts constantly in mind. In the first place, there are various strata in English society which are up to the present moment wholly untouched and open to the enterprise of life offices; and, secondly, there is no social duty of which men require to be more constantly reminded than their duty to assure their lives for the benefit of their families.

The balance-sheet of the Mutual shows that the mortgages on landed property are, on freehold estates, life interests, &c., 318,802*l.*; on county and borough rates, 242,304*l.* The Mutual also invests 50,000*l.* in Corporation of London bonds. The directors of the Mutual have made their investments with great care and prudence. In 1872 they obtained 4*l.* 3*s.* 4*d.* per cent., all round, for their money. In 1873 they secured a further advance to 4*l.* 7*s.* 2*d.*; and in 1874 they succeeded in raising it to 4*l.* 10*s.* 7*d.* per cent. If this rate of interest

can be kept up, it will be a permanent gain to the society. The amount of interest was, in 1873, 31,905*l.*; and in 1874, 36,029*l.* The difference in favour of the society, by reason of the more profitable employment of its funds, is more than 3000*l.* per annum. This is almost as high a rate of interest, consistently with security, as any member of a mutual life office could wish his directors to obtain for their investments.

The first actuary of the Mutual was Mr. Humphreys, who was succeeded by Mr. Peter Hardy. The next actuary was Mr. S. Brown, late of the "Guardian;" upon his death Mr. Charles Ingall discharged the duties of actuary with great zeal and ability for eighteen years, and retired a year or two ago upon a superannuation allowance of 500*l.* a year. The liberality with which the directors rewarded Mr. Ingall's long and arduous services is deserving of the highest commendation. Mr. Ingall was succeeded by Mr. Tully, a most competent and efficient actuary, on whose retirement, at the end of 1875, Mr. H. W. Manly, Fellow of the Institute of Actuaries, was appointed to the vacant post.





THE METROPOLITAN LIFE OFFICE.

THE steadiness of growth and unexampled prosperity of our great assurance offices should be the pride and boast of every Englishman. No commercial undertaking can surpass a soundly constituted assurance office in stability, where judgment and care have been exercised in its management. A second or third generation, by joining such a society, enter into possession of the realized capital accumulated by the skill of previous actuaries and the cautious wisdom of former directors. The experience of more than a century and a half, and the great success of assurance institutions during that period, have not only established to the satisfaction of Englishmen, the soundness of the principles involved, but ought to have attracted an enormous accession of policy-holders from other parts of the world. The field for business, both at home and abroad, is indeed so vast and increasing that room is left in the future for many more companies than at present exist. For a considerable period, however, the great and old-established societies will attract the larger proportion of new business, leaving it to the new offices to appeal to new class interests not yet enlisted

on the **side of the assurance principle**, and in other respects to **meet the practical requirements** adapted to the changing circumstances of modern society.

If any moral can be learned from the history and progress of life assurance offices, it is that they offer the best and most legitimate medium by which careful and thrifty persons can invest their savings. Persons who insure their lives seldom realize all the advantage they derive from investing their surplus income in an insurance office. They are content to know that, if they were to die to-morrow, their families would without doubt receive a stipulated sum. This is, however, only half the benefit. A life office is an institution for the investment of premiums as well as the equalization of results. It has been accurately described as "a savings' bank, yielding interest, and interest upon interest." It not only undertakes the equalization of life and the payment of a certain sum at death, but also guarantees the return of the sums invested, with compound interest. An individual might invest 100*l.* in the Funds, and might also determine to invest the interest, and thus obtain compound interest; but a dozen circumstances would probably occur to prevent the immediate investment of the interest, and in many cases it would never be invested at all. It is calculated that upon each half-yearly dividend a month would be lost, so that nominal compound interest for forty-two years would only really be for thirty-five years. A sum of 1*l.*, improved during the average life of an individual aged twenty, would only become 3*l.* 6*s.* 8*d.*; while in the hands of a society which lost no time it would become 4*l.* 5*s.*, or nearly a pound more. It is the business of a

life office to take care that there is no delay in making investments; and when, as in the case of the assurance office under review, the directors are enabled to invest their assets all round at 4*l.* 9*s.* 1*d.* per cent. compound interest, a life office becomes one of the best savings' banks that can be imagined.

The Metropolitan was established at the beginning of the year 1835—the same year as the National Provident. It was founded on the principle of mutual assurance, and consequently divides the whole of the surplus funds among those assured, with profits. From its commencement, the Metropolitan has been attended with the most gratifying success. It started with a strong board of directors, whose names and position attracted confidence, and from the first was able to dispense with the employment of agents. The directors determined to rely upon the soundness and disinterestedness of principle of the new society and the co-operation of its members, and they set the example of working hard in every direction to promote its interests. Few of our offices have been more successful in developing an *esprit de corps* among its policy-holders, and the directors, in their last report, acknowledge with gratitude the exertions of its members to make their friends and others acquainted with the claims and merits of the office. The directors, on their part, have been not less careful in the selection of lives which have come before them for approval than judicious in the investment of their funds. They calculate that by never allowing commission nearly 200,000*l.* have been saved to the members, and applied in reduction of their premiums. There is something to be said in favour of

commissions as a means of giving a fair chance of existence to life offices developing new principles of assurance, or appealing to new class interests. Yet the directors of the Metropolitan put the case very strongly in favour of offices that are able to dispense with commissions by giving the following example in their last prospectus :—
“Suppose a person aged 30 (they say) to effect an insurance for such an amount that the annual premium would be 100*l.*; the commission at five pounds per annum, improved at 4 per cent. compound interest, through the expectation of his life, would amount to upwards of 380*l.*”

The directors were fortunate in securing at starting the services of a skilful and well-known actuary, Mr. Marshal, and the first investigation instituted by him under the order of the directors in 1840, gave the shareholders new confidence in the soundness of their undertaking and the carefulness of its management. So steady was the growth of the society, that in 1867 the assurance fund had attained proportions which rendered it necessary to divide the policy-holders into two classes—members of the first series and members of the second series. The latter assurances were allowed to participate in profits after payment of five years' premiums, the rate of reduction to be, in every year, less by 15 per cent. than the rate of reduction allowed in the same year to members of the first series, but increasing proportionately with that series.

With the growing prosperity of the society the directors have been enabled to declare various rates of abatement, beginning at 40 per cent., and going on to 60 per cent. For the year ending April 4th, 1876, an abatement

of premium has been declared at the rate of 60 per cent. Members of the second series have also begun to participate in these rates of abatement, and the present rate of abatement of premium is now in their case 45 per cent. Thus a man of 30, whose annual premium paid for the first five years on a policy of 1000*l.* was 24*l.* 17*s.* 6*d.*, is now entitled to pay a reduced premium of 9*l.* 19*s.* (first series), and 13*l.* 13*s.* 8*d.* (second series).

The total assets of the Metropolitan at the beginning of the present year had swollen to the gigantic amount of 1,505,115*l.*, the average rate of interest at which these assets were invested being, as above stated 4*l.* 9*s.* 1*d.* per cent. With regard to the reserve fund to meet liabilities, the assurance fund amounted on the 4th of January, 1875, to 1,478,584*l.*, being equal to 33*l.* 2*s.* 3*d.* per cent. of the entire liability of 4,465,347*l.* assured under the policies then in force. Since its establishment the society has paid in claims, without a single instance of dispute, the considerable sum of 1,700,000*l.* If the reader will make even a faint attempt to realize the pecuniary difficulties and suffering which such an office has contributed to alleviate, he will feel inclined to become an apostle of life assurance within the sphere of his individual influence.

The summary of the position of the Metropolitan on the 4th of January, 1875, was briefly as follows:—The sum assured by 5216 policies was 4,465,347*l.*; annual premiums thereon, 139,860*l.*; assurance fund, 1,478,584*l.*; annual interest thereon, 66,350*l.*; total abatement of premiums allowed, 1,179,348*l.*; total amount of claims paid, 1,654,699*l.*

At the annual meeting, in May, the chairman (in rotation), Mr. Daniel P. Loe, stated that the gross annual income was 205,000*l.* During the last ten years the actual claims have been 773,765*l.*, against expected claims of 1,012,723*l.* During the last year the society only sustained 73 $\frac{1}{4}$ per cent. of the expected amount of claims. The chairman fairly adduced this as a proof of the care exercised by the directors when new lives offered themselves for approval. He had also the satisfaction of telling the policy-holders that, according to the Board of Trade Returns, the Metropolitan stood fourth on a list of 100 offices, taking the expenses in comparison with the premium income. These returns of the Metropolitan Society, which are most satisfactory in point of fulness, candour, and accuracy, state that "the society has never granted annuities, has no reassurances with other offices, has never paid commission for the introduction of business, and has never employed agents." The revenue account and the balance-sheet furnished to the Board of Trade are reprinted in the society's prospectus.

The liberal views of the directors, and their disposition to go with the times, have recently been shown in the revision of their rules as to foreign residence. This is a subject not without difficulty, but the diffusion of hygienic knowledge among Englishmen, and modern habits of care and sobriety, have rendered a more liberal code of life assurance regulations desirable and equitable. The directors of the Metropolitan reconsidered the whole subject with great care, and their actuary having consulted the most trustworthy statistics accessible, the directors considerably extended the boundaries within

which no extra premiums are charged for residence, and abolished all payments for voyages, except in the case of seafaring men.

The Metropolitan has been fortunate in its officers, and the directors have set a good example to other assurance offices by the warmth and generosity with which they have rewarded the faithful service of two officials, to whom much of the success of the society has been due. Dr. Charles J. Fox, who had served the society as their medical officer for thirty-two years, was struck by paralysis. The directors, without hesitation, granted him a retiring pension, and when a dissentient shareholder suggested that the matter should have been left to the general meeting, the chairman replied that, in that case, it would not have been granted at all, for Dr. Fox did not live to enjoy it a month. The other instance was that of Mr. Marshal, the late actuary, who had been thirty-nine years with the society, and was seventy-four years of age at the time of his retirement. The directors granted him a pension, and it was unanimously approved by the next general meeting. It is to be regretted that Mr. Marshal only lived to enjoy his pension for two years. He was succeeded by Mr. Arthur Pearson, the present actuary, who had been assistant actuary for many years, and who is thoroughly imbued with the traditions of the society. Dr. Fox was succeeded by Dr. Walter Moxon as medical officer, and the society continues to have upon its medical staff the distinguished surgeon, Mr. John Hilton, F.R.S.

The Metropolitan limits its assurance to sums not exceeding 7000*l*. It has been fortunate in avoiding litiga-

tion, but a society which has paid 1,700,000*l.* without a single dispute is under a great temptation to compound or hush up a case of fraud rather than incur a law-suit. There are cases in which a life office is bound, in justice to other offices and to society at large, to dispute unjust and fraudulent claims, and the Metropolitan Society are bound over, by a long and fortunate immunity, to the continued exercise of care and caution in the management of their business.





THE HAND-IN-HAND LIFE OFFICE.

OUR leading insurance companies occupy admirable and valuable sites in a business point of view, but it is only of late years that directors have begun to see that money laid out upon a handsome architectural edifice in a central situation is a very good investment. The Royal Exchange and London Assurance Corporations could not be more handsomely or more centrally lodged than in the great City edifice identified with the name of Sir Thomas Gresham, although there is a certain want of expansion in their quarters. The Liverpool and London and Globe Office is a commodious building, and occupies a commanding site, but makes little pretension to architectural elegance. The North British and Mercantile, with Mr. Peabody's statue opposite its façade, may claim to be one of the architectural adornments of the City, and similar praise may be claimed for the Royal Office in Lombard Street, the National Provident in Gracechurch Street, the Crown in Fleet Street, the Sovereign in St. James's Street, and the Charing Cross branch offices of one or two great life and fire companies. One of the landmarks

of Blackfriars Bridge—the handsome ~~mansion~~ in the Italian style of the old Equitable Life Office—~~has~~ disappeared in the formation of Queen Victoria Street, and the business of the Equitable is now carried on “up one pair of stairs” in a new and most central building opposite the Mansion House. *Uno avulso, non deficit alter*, and the life insurance landmark at Blackfriars Bridge will be perpetuated by the new and striking edifice now in process of construction for the Hand-in-Hand Fire and Life Office, with one front in the finest of our City thoroughfares—Queen Victoria Street—and the other in New Bridge Street, Blackfriars.

The Hand-in-Hand claims to be the oldest insurance office in the kingdom. It was established in the year of 1696, in the reign of King William the Third, under the title of “The Amicable Contributionship for the Insurance of Houses, or the Hand-in-Hand Fire Insurance Company.” The insurance was at first limited to the fabric of the house, but at a subsequent period it was extended to the insurance of the contents of a house. It was established by about one hundred persons, and was enrolled in Chancery by a deed bearing date the 12th November, 1696. The limit of insurance was defined to be the extent of the Bills of Mortality, but was subsequently extended to all other places within ten miles of London and Westminster. The original prospectus was dated from Tom’s Coffee House, St. Martin’s Lane, Charing Cross, and instituted a comparison (of course entirely in favour of the managers) between their mode of transacting business and that of any other office. For instance, it states :—“No insurer in this office is obliged

to pay above 10s. per cent. towards any loss, whereas the 'Friendly Society' requires 30s. The deposit money in this is but 5s., whereas they take 10s. 8d.; the annual payments in this are but 7s. for every 100*l.* insured for seven years, whereas they take 9s. 4d., besides the interest of all the money, and return not any of it again."

In May, 1731, the society issued a further prospectus, in which was set forth its prosperous condition. "The universal approbation and encouragement it had met with from the public sufficiently evinceth the happy continuance, faithful management, and stable security thereof; it being apparently preferable, by the nature of its constitution, to all others of a different foundation, having not only overcome the hazardous state of its minority, but advanced its stock to such a height that the very interest coming in is more than double the constant yearly expenses, and which being under the most frugal and disinterested management, may reasonably be esteemed a certain security to all its members, and, beyond comparison, superior to what any other office can pretend to." Thus the Hand-in-Hand, as it came to be called, after its second title, may be said to be the oldest office for insuring against losses by fire in existence. It has now been established more than a century and three-quarters, and is the only surviving society of the offices of that period. It still maintains a high position in fire insurance, but did not adopt the principle of life insurance until nearly a century and a half after its formation as a fire office. It was in 1836 that the business of the Hand-in-Hand was extended to life insurance, the Mutual system being still retained. Dismissing its fire business with the

remark that there are few fire offices conducted on the Mutual principle, and returning the profits made on septennial fire policies, we proceed to glance at the life operations of the Hand-in-Hand.

The society has adopted the principle laid down by Professor Babbage in his work on life insurance—viz., that “an annual division distributes the profits with more regularity and justice than any other.” The profits of the Hand-in-Hand are accordingly divided in this manner among all members of five or more years’ standing. A prosperous and well-managed mutual office ere long reaps the benefit of a large accumulated fund, the entire income of which (there being no shareholders) is divisible among the policy-holders. It therefore becomes necessary to distinguish between the rights of old and new members, since it is but reasonable that those who have belonged to it while it has accumulated a large fund should object to the youngest members participating in an equal degree in this advantage. This difficulty is usually cured by instituting a second and third series of members, who in time attain to the first and second rank as the old or first series of members die off. The success of the Hand-in-Hand made it necessary to begin a second series in 1864, and its continued prosperity led to the establishment last year of a third series of policies. The profits have admitted of an abatement of premium at the rate of 65 per cent. to the old or first series, and of 55 per cent. to the second series. The abatement upon policies of the third series—viz., such as have been taken out after June, 1874, will for the first five years be less by 25 per cent. than that declared upon policies of the

old or first series ; for the five years following less by 20 per cent. ; and thereafter permanently less by 15 per cent. The members of the old or first series have received the advantage of successive abatements of premiums from 1842 to 1874, ranging from 45 per cent. to 60 per cent. in each year. Between 1874 and 1876 the rate of abatement is not less than 65 per cent. Thus a premium of 100*l.* upon a policy taken out under the old or first series is reduced to 35*l.*, and under the second series to 45*l.* Of course if a member, instead of taking the benefit of a reduced payment, has the good sense to employ the amount of that abatement in a further insurance, he may largely increase the amount insured without additional outlay ; or, as a third alternative, he may have the amount of the abatement converted year by year into a proportionate bonus, payable at death.

Although the Hand-in-Hand has thus returned since 1836 more than 850,000*l.*, it possesses a large accumulated fund—1,574,118*l.*—which is more than seven times the annual income—217,374*l.*—from investments and premium. This, the directors state, “ is a result—unexampled, it is believed, in the history of any other fire and life office. On 31st December last the total amount insured on life policies was 3,795,764*l.* ; the total amount of claims paid on life policies from Lady Day, 1836, the date of the commencement of life business, was 1,163,197*l.*, and the amount of profits returned from the same date 858,152*l.* The balance-sheet pursuant to the Assurance Companies’ Act shows assets amounting to 1,605,244*l.* Mortgages on property within the United Kingdom amount to nearly a million. The next largest invest-

ments are railway debentures and stocks, 277,916*l.*; and Indian and Colonial Government securities, 115,881*l.* In British Government securities only 46,625*l.* are invested; in reversions, 37,745*l.*; loans on the society's life policies, 50,000*l.* It is one of the offices distinguished by economical management, being fifth on the list, and the proportion of expenses of management to premium income being only 7·5 per cent. It has 11·7 years' premiums in hand to meet its liabilities, and therefore, according to Mr. Gladstone, more than fulfils every condition of safety and stability.

The Hand-in-Hand has hitherto pursued a policy of reticence in regard to its affairs, as if they were purely matters between the directors and policy-holders. It may be hoped that when the directors remove to their new offices they will inaugurate a new policy, and take the public a little more into their confidence. The chairman of a life assurance company occupies the position of a public instructor, and his annual review of the business of a prudently-managed office is not only the best advertisement of that particular company, but confers a benefit upon the cause of life assurance in general. The board have in the Hon. William Ashley (brother of Lord Shaftesbury), a director of much experience in public life. Mr. John Lettsom Elliot, Rear-Admiral Sir Leopold Heath, K.C.B., and Mr. Frederick Locker, are also members of the board. The actuary is Mr. James M. Terry, and the assistant actuary Mr. James Terry—both Fellows of the Institute of Actuaries. The secretary and manager is Mr. Benjamin Blenkinsop.

Wishing the Hand-in-Hand a new lease of life, enter-

prise, and prosperity in its new edifice, we may allow the directors to speak for themselves in a brief and pithy passage in their prospectus :—"Having regard to the essential points of age, stability, and experience, and also to its peculiar constitution, by which the whole of the profits, as well as the income from the reserve fund, are divided amongst the members, there being no shareholders, the directors lay the claims of the office for support confidently before the public."





THE CLERICAL, MEDICAL AND GENERAL LIFE OFFICE.

WHEN the end of the first quarter of the present century was approaching, a couple of dozen life offices had sprung into existence, transacting business with more or less of success; but every one that succeeded had naturally increasing difficulty to make out, to a world as yet very moderately acquainted with assurance, perhaps even slightly prejudiced against it, a satisfactory claim of birth, or, using an expressive French term, to prove its *raison d'être*. To get something distinguishing the new-comer from its predecessors in the field, or, as it was generally called, to hold out a "special feature" to public attraction, was becoming every year more difficult, the most ingenious devices proving sometimes worthless, sometimes commonplace, and sometimes but old ideas clothed in new dresses. However, notwithstanding increasing difficulties, the promoters of the Clerical, Medical and General Life Assurance Society—at the outset called the "Medical, Clerical, etc."—established in the year 1824, really offered, if not something absolutely new in

conception, yet a "special feature" never before carried into successful practice. It was the simple yet far-reaching plan to insure lives not admitted quite healthy, and which, therefore, would be refused by other companies, at an increase of premium proportionate to the risk. The original prospectus of the society, issued in April, 1824, very clearly expressed the plan of the founders. "The common usage of excluding from the benefit of life insurance," said the prospectus, "or exposing to a forfeiture of their policies, individuals who may have been afflicted with 'gout, asthma, fits, rupture, hæmorrhage, complaints of the liver, spitting of blood, vertigo, or any other disease,' being in many cases a source of fraud on the one hand and of litigation on the other, it is expedient that some method should be devised for guarding against the evils of such an inefficient regulation. Medical practitioners in extensive employment cannot fail to know that at the several offices where these exemptions form a part of their rules, persons afflicted with gout, asthma, rupture, and the other complaints commonly specified, do, notwithstanding, obtain policies, and upon such terms as would only be granted to healthy lives. These persons necessarily incur the risk of forfeiture, and leave their successors exposed to great hazard in the event of their claims being litigated. Yet, in such cases, circumstances may occur which may render it extremely disadvantageous to individuals to be entirely excluded from the benefit of life assurance. In order, therefore, to meet the public convenience in a fair and impartial manner, and to remove every pretence for deceit and fraudulent concealment respecting the actual

state of health of the assured, this society proposes to extend the advantages of life assurance to persons subject to such deviations from the common standard of health as do not essentially tend to shorten life, upon their acceding to the following conditions:—1. That they make an affidavit stating the nature of their complaints, the dates of their first attacks, and the names and addresses of the medical practitioners who attended them then, or at any subsequent return of their disorders. 2. That they pay an increased premium proportionate to the increase of hazard.”

The mere idea of starting an insurance office taking diseased lives had probably occurred to a great many persons conversant with insurance long before the establishment of the Medical, Clerical, and General Society; but the conception itself was clearly worth very little, the real merit lying in its practical successful execution. The chief difficulties attending this were solved by the principal founder of the society, afterwards its chairman, Mr. George Pinckard, M.D., in a manner as simple as could be. In order that the selection of diseased lives might take place with the utmost sagacity as well as carefulness, it was provided that one-half of the board of directors—sixteen in total number—of the society should be members of the medical profession, and, further, that “no proposal for any assurance or endowment to be effected by the society shall be accepted unless two at least of the directors present at the board shall be medical practitioners, or unless two at least of the directors who are medical practitioners shall have previously examined the person on whose life such

assurance or endowment shall be proposed to be effected." To guard further against too great risks, it was provided that the limit of insurance on any not healthy life should be 3000*l.*, except under very special circumstances, when the limit, under approval of a board with not less than nine directors present, might be increased to 5000*l.* Another arrangement, not especially embodied in the statutes, but nevertheless strictly acted upon, was that in the selection of the eight medical directors care should be taken to choose eminent specialists, each representing one particular branch of the medical science, so that the probability of any shortening of life through diseases of various forms might be most accurately estimated. Under these and other thoroughly considered provisions, Dr. Pinckard's office commenced business transactions in the summer of 1824, coming—although adopting the name of Society, usually considered to be reserved for establishments on the "Mutual" principle—before the public as a proprietary company, with an authorized capital of 500,000*l.*, in 5000 100*l.* shares, on which there was paid up 2*l.* 10*s.* At present the paid-up shares stand at 10*l.* each, having been increased to the amount of 7*l.* 10*s.* by bonus additions.

The practical realization of Dr. Pinckard's scheme, well considered as it was, and most carefully worked out, did not at first meet with the support it so richly deserved. Partly owing to ignorant prejudice, and partly to the jealousy of older insurance establishments, the company was for awhile held up to ridicule, if not to reprobation, being, on account of its "diseased life" feature, malig-

nantly designated as the "rotten office." Objections having been raised on many sides against the too medical aspect of the undertaking, it was decided at a general meeting of shareholders, held on the 1st of December, 1825, to alter the title of the company from "Medical, Clerical, etc.," into "Clerical, Medical etc.," Society; but these and other changes, effected at the same time, did not all at once bring the desired support of the public. It had been decided by the founders that there should be a thorough investigation of the affairs of the company every five years, and the report made at the end of the first quinquennial period, completed June 30, 1831, was, that the total number of premiums in force was not more than 958, insuring 740,730*l.*, while the claims paid from the commencement amounted to but 19,329*l.*, the annual income being 35,635*l.*, and the life assurance fund standing at 69,147*l.* These figures were not very hopeful; nevertheless, the managers of the company did not lose courage, determined to do all that energy and perseverance could to overcome the obstacles opposing them. They had the advantage of a highly-distinguished board of directors, including two bishops, four lords—among them the Marquis of Huntly—and numerous baronets and members of Parliament; and backed by high names, as well as an abundant capital, they resolved to make great efforts to attract the professional and upper classes, more especially clergymen. These efforts were most successful, the second quinquennial investigation of affairs showing a doubling in both the annual income and the number of policies in force, the latter having increased from 958 to 2202.

The further progress of the Clerical, Medical and General Life Assurance Society was most satisfactory, as shown in the subjoined tabular statement, which gives the annual revenue, the number of policies in force, the total amount insured, and the total claims paid from the commencement, at the nine quinquennial investigations, from 1831 to 1871:—

Years ended June 30.	Annual Revenue.	Number of Policies in Force.	Total Amount of Insurances.	Claims paid from Commencement.
1831 ..	£35,635 ..	958 ..	£740,730 ..	£19,329
1836 ..	71,588 ..	2,202 ..	1,581,725 ..	138,921
1841 ..	97,932 ..	3,160 ..	2,112,538 ..	304,612
1846 ..	116,383 ..	4,122 ..	2,599,726 ..	507,850
1851 ..	136,190 ..	4,792 ..	2,950,411 ..	815,301
1856 ..	166,834 ..	6,457 ..	2,637,687 ..	1,157,599
1861 ..	195,406 ..	7,559 ..	4,287,611 ..	1,621,878
1866 ..	215,237 ..	8,331 ..	4,786,062 ..	2,265,764
1871 ..	236,563 ..	8,679 ..	5,084,255 ..	2,912,245

In the year ended June 30, 1873, the revenue amounted to 249,806*l.*, of which total 169,793*l.* was derived from premiums, and 80,013*l.* from interest and dividends on invested property. The life assurance fund, which, as already stated, was but 69,147*l.* in 1831, had risen to 418,903*l.* in 1841; to 864,328*l.* in 1851; to 1,422,191*l.* in 1861; to 1,826,459*l.* in 1871; and stood at 1,930,104*l.* at the end of June, 1873. It will be seen that, while the progress of the Clerical, Medical and General was as rapid as it was sound, the company has now reached a point in which it may claim to rank with the highest and most secure insurance institutions of this or any other country.

The success of the Clerical, Medical and General was due, to a more than usual extent, to high energy, coupled with the most intense carefulness of management. It was indeed a problem, tasking the prudence of any body of men, to select diseased lives so skilfully as to make the increased premiums upon them fall in and harmonize with the ordinary rates, and this extremely difficult work the managers of the company accomplished to perfection. The success was achieved by constant watchfulness, with use of the best actuarial knowledge. When the company had been in existence ten years, the directors took an accurate survey of their position, on the basis of a long report of their actuary, who communicated to them that he had made the "best investigation which the ascertained facts would admit into the mortality that had prevailed as regarded both the healthy and the unhealthy lives assured up to that date." It appearing from this report that the mortality of the unhealthy lives during the decennial period had been more than double that of the healthy ones, while the additional premiums paid had only amounted to 30 per cent. above the ordinary rates, new rules and regulations were laid down as to the admission of invalids. These worked so well that, at the end of another ten years, when a new actuarial investigation took place, the fact became certain that the right method of insuring lives not quite healthy had been discovered in the grouping of all such lives under certain classes, and fixing separate premiums for each class and age. So careful were the researches upon which the new "experience tables" of the company came to be based, that, as reported by the actuary in

1849, "all persons on whose lives an increased premium has been charged have now been arranged under 79 heads—namely, 65 of different diseases, and 14 of miscellaneous." Nothing better proved the wisdom of all these arrangements, as well as the general good management of the company, than the surpluses distributed to the members at each quinquennial division of profits. The amount was 10,000*l.* in 1831, and 13,000*l.* in 1836; from which it rose to 59,000*l.* in 1841; to 103,000*l.* in 1846; to 120,000*l.* in 1851; to 195,000*l.* in 1856; to 237,000*l.* in 1861; to 225,000*l.* in 1866; and, finally, to 270,000*l.* in 1871. While the very remarkable success of the Clerical, Medical and General is fairly represented in the preceding figures, they fail to show the immense amount of benefit the Society must have conferred in admitting into its folds persons that would otherwise have been excluded from all the advantages of life assurance.





THE LIVERPOOL AND LONDON AND GLOBE LIFE OFFICE.

IN the very best situation in the City of London for business—looking down the great artery of Cheapside, with the Mansion House on one side and the Bank of England and Royal Exchange on the other—stands the City office of the great Fire and Life Assurance Company now under review. The site is the very centre of commerce and traffic. So many busy thoroughfares indeed converge at this point—the carriage traffic is so varied and incessant—and pedestrians get so constantly “mixed-up” under horses’ heads and carriage-wheels, that the crossing is the most dangerous in London. Accidents are frequent, and the *genius loci* is therefore eminently calculated to inspire reflections on the uncertainty of human life. As every man with a good coat on his back who crosses from the Mansion House to the Royal Exchange or the Bank is “chevied” by a Hansom-cab in order to remind him that he ought to be riding and not walking, it may well be that the sight of our great Life office, when men have just escaped “running down,” now and then puts them in

mind that they have too long put off the great duty of life assurance.

It is only an act of justice to the directors of the Liverpool and London and Globe to record that they have taken advantage of their magnificent site to confer a signal benefit and convenience upon City men. It might be supposed that some great public clock would dominate over an area where time is perhaps of more value and importance than in any other commercial centre in the world. As neither the Mansion House nor the Bank of England offered any provision of this kind, it was regarded as a serious defect and shortcoming in the design of the Royal Exchange that its clock is invisible from the busy area in front of the edifice. What the architects of public buildings unaccountably overlooked has been supplied by private enterprise, and the well-known clock in form of a "Globe" in Cornhill has helped hundreds of thousands to keep their appointments, and save their trains. It is, moreover, illuminated by night, and if it may be regarded as in some sort an advertisement, it is one of such public ornament and convenience that the office deserves all the advantage it can possibly derive from this illuminated disc—and a great deal more.

Beginning with the Globe as the older of the two amalgamated offices, we may remark that few offices were instituted in the later years of the last century. The Equitable had been founded in 1762, and the public waited to see the result of this great experiment in life assurance. From that date to the year 1800 hardly any considerable life office was instituted that has come down

to us except the Pelican. With the new century came a period of greater activity and confidence. The Globe obtained its Act of Incorporation in 1799, but did not begin business until 1803. It was soon afterwards followed by the London Life, Rock, Eagle, Atlas, &c. The Globe was founded as a fire and life office, and for many years its fire business was prosecuted with greater success and energy than its life assurance operations. In 1807 the directors obtained two Acts, one enabling them to enrol annuities, and the second amending their incorporating Act. In 1809 it was again necessary to go to Parliament to cure the narrowness of the company's original design. In 1844 the Globe obtained a further Act to alter and amend the deed of settlement. In 1858 an additional amendment of the deed of settlement had become necessary. The Globe resembled the Amicable in the frequent patching and alterations which it required to fit it to the altered state of the times, and like the Amicable, its defects were ultimately cured once for all by amalgamation with a younger company. In 1864 the Globe made its last appearance before Parliament, when it became amalgamated with the Liverpool and London office by the Act 27 and 28 Vict., c. cxvi.

The Liverpool and London was instituted as the Liverpool Fire and Life Office in 1836, when it obtained an Act enabling it to sue and be sued in the name of the chairman. It had in Mr. Swinton Boulton one of the most enterprising secretaries that fire and life assurance has ever known. The Liverpool wished to push its operations energetically in London, and an opportunity was offered in 1846 of taking over the business of the London,

Edinburgh, and Dublin Fire and Life Office, which had been founded in 1839. The annexation of this office emboldened the directors to apply to Parliament for an Act enabling them to change the name of their office from the "Liverpool" to the "Liverpool and London." There is a good deal to be said in favour of amalgamation, and of the transfer of policies from an effete to a vigorous company, and looking at the purchases made by the Liverpool and London as a whole, they may be regarded so far as beneficial to the policy-holders of both companies. Having obtained a footing in London—a "local habitation and a name"—the directors in 1852 accepted the transfer of the business of the Australasian, Colonial, and General Life Office (founded in 1839). In 1857 the Monarch Fire and Life Office, originally founded in 1836 as the "Licensed Victuallers'," was also transferred to the Liverpool and London. In 1858 two other offices—the North of England (1858) Fire and Life Office and the Sheffield, Rotherham, and Chesterfield (1845) Fire and Life—also transferred their business to this active and aggressive office, which likewise obtained the fire business of an office called the "Bank of London." In 1862 the Unity Fire Office (1853) was next transferred to the Liverpool and London. In 1864 came the grand amalgamation with the Globe.

Up to the end of 1843, the progress of the Liverpool Company was slow, the life assurance premiums received in that year amounting to only 3261*l*.. In 1846, the life premiums, which had been creeping slowly on at the rate of about 500*l*. a year, were increased, by the acquisition of the London, Edinburgh, and Dublin office, by 11,776*l*.,

and attained the more respectable figure of 16,166*l.* The "Liverpool" became, as we have said, the "Liverpool and London," and the capital was increased from 101,992*l.* to 186,092*l.* In 1851, the life premiums had only increased to 27,157*l.*; but in the following year the fire premiums, which had been for some years nearly stationary, suddenly rose to 98,654*l.*, and the life premiums to 50,799*l.* The increase of fire premiums was largely due to the establishment of a fire insurance branch at New York, and the increase of life business to the purchase of the Australasian Life Insurance and Annuity Company. In 1857, the purchase was made of the "Monarch," originally called the "Licensed Victuallers," and the life premiums suddenly jumped up from 72,781*l.* to 101,928*l.* In the following year these premiums were increased by over 20,000*l.*, by the acquisition of the North of England and the Sheffield, &c., Fire and Life Offices. The fire premiums exhibited the same rapid rate of increment, and the capital of the company was increased, probably in some degree by the issue of shares to the shareholders of the acquired companies. Finally, in 1864, the company purchased the Globe, and added the name of that office to its own. If the Liverpool and London and Globe is one of the largest fire and life insurance companies in England, if not in the world, the result, it must be admitted, is mainly due to the purchase of the business and connexions of other companies. The year 1864 found the company in possession of an income from fire premiums of 742,674*l.*, and of life premiums of 236,244*l.*, making in all 978,918*l.* So large an income, acquired in the face of the active competition of old-

established companies and of many enterprising modern offices, was a sufficient proof of the genius and energy of Mr. Swinton Boulton, of Liverpool, who, under the title of secretary, had been practically the manager of the company since its original foundation. The directors acknowledged the services of their secretary by elevating Mr. Swinton Boulton to a seat at their board, and appointing him managing director of the company. It was he who devised and ably carried out the policy of annexation, purchase, and amalgamation to which the present magnitude of the Liverpool and London and Globe Company is mainly due.

The Globe was an office of considerable standing and repute. In 1849 its chairman was Mr. Edward Goldsmid; its vice-chairman, Sir W. Tite; and among its directors were Sir I. Lyon Goldsmid, Mr. Plowden, M.P., Mr. Alderman Thompson, M.P., and other City magnates. It had even at that time a capital of 1,000,000*l.* sterling, the whole paid up and invested, and entirely independent of the amount of premiums received, and this capital is still perpetuated, under the title of the Globe Million Fund, to which separate trustees are appointed. A few of the Globe directors retired, but several remained, and became members of the London board of the consolidated company.

The Liverpool and London had a strong board in both places. The "head centre" has always been, and still is, at Liverpool; but it has removed from Water Street to Dale Street in that great seaport, and the amalgamation with the Globe enabled it to migrate, in the City of London, from Charlotte Row, Mansion House, to its

unrivalled business premises at the corner of Cornhill. In 1850 it boasted upon its Liverpool board such directors as Mr. W. Brown, M.P., Mr. W. Nicol, and Mr. Joseph C. Ewart; and upon its London board, Mr. W. Ewart, M.P., chairman; Mr. G. F. Young, vice; and Sir W. De Bathe, Mr. Matthew Forster, M.P., and Mr. Ross D. Mangles, then M.P., and still a London director of the consolidated company. The office has boards at home and abroad, which have the same powers in regard to the signing of policies and the business of their respective districts as are entrusted to the board of direction of the company in Liverpool and London. It has a West of England and South Wales Board at Bristol; a Yorkshire Board at Leeds; a Manchester Board; an Irish Board at Dublin; a Scottish Board at Glasgow; a New York Board; and separate boards at Montreal, Sydney, and Melbourne. These American and Colonial Boards require supervision, and last year the Liverpool chairman and a co-director, accompanied by the late secretary, Mr. H. Thompson, were sent on a mission to the United States and Canada, and on their return recommended certain changes in the mode of conducting the company's operations. Last year the Australasian Colonies were visited by the then assistant secretary, Mr. J. M. Dove, who also effected re-arrangements for the improvement of business. On the sudden and lamented death of Mr. Henry Thompson, secretary of the company, Mr. Dove was appointed to succeed him.

The amount of the invested funds of the company was, on the 31st of September, 1874, 4,861,837*l*. As the

Liverpool and London and Globe is a strictly proprietary institution, no holder of a life policy is involved in any partnership liability, and he has, in addition to the invested funds, the security of the unlimited liability of 1200 proprietors. The revenue of the company for 1874 was 1,538,192*l.*, including fire premiums, 1,082,521*l.*; life premiums, 254,949*l.*; interest on investments, 200,722*l.* The directors, at the annual meeting in February, carried 100,000*l.* from the profit and loss to the general reserve and fire reinsurance fund, which is now 700,000*l.* The directors recommended a dividend of 8*s.* per share for the year. The office is computed to have 7·7 years' premiums in hand to meet its life office liabilities, as represented by its existing assets, and the proportion of its expenses of management and commission to life premium income is 12·1 per cent. The London chairman is Sir C. Nicholson; deputy, Mr. W. Nicol. The actuary of the company and resident (London) secretary is Mr. Augustus Hendriks, Fellow of the Institute of Actuaries.





THE PROVIDENT CLERKS' LIFE OFFICE.

IN the year 1840 it was proposed to found a mutual life association for the benefit of the clerks employed in banking, mercantile, and commercial houses. They had been, as a class, excluded from the benefits of life assurance by the slenderness of their salaries; yet, as their incomes died with them, life assurance, in the majority of cases, afforded the only means of securing a provision for their families. It was, however, considered necessary for the success of a life assurance scheme for the class in question that it should include in its operations a benevolent fund, whereby a clerk who should, from temporary embarrassment, be unable to keep up his annual premiums, might receive some assistance by way of loan or gratuity in tiding over the difficulty.

The scheme was received with considerable favour in the City. Baron Lionel N. Rothschild and Mr. R. W. Crawford, lately M.P. for the City, and Mr. Thomson Hankey, M.P., consented to act as the original trustees, both of the life department and the benevolent fund. The Bank of England and the leading mercantile and

banking firms, both of London and the provinces, gave their patronage and support to the association, and subscribed liberally towards the benevolent fund. There is no doubt that, in the earlier stage of the association, the prospect of assistance from the benevolent fund, in the event of a clerk being unable from misfortune to keep up his life assurance payments, was the foundation of the society's success. Baron Rothschild, in acknowledging a recent special vote of thanks by the members for the services rendered by the trustees, reminds them of the difficulties that had to be fought against when the association was started. The Baron adds:—"I have watched with pleasure the increasing importance to which it has attained as a life office, as well as the considerable good it does through its benevolent department to those who are unfortunately called upon to apply for assistance."

The operations of the new association were at first mainly restricted to the clerks in the City of London. By degrees the clerks of Great Britain—a most numerous and important class—began to understand the advantages offered to them by the institution. The title "*Provident Clerks' Mutual Life Association*" naturally led the public to assume that it was intended for a class only, and its development in its earlier years was probably impeded by this circumstance. As, however, the directors, by appealing to the general public, made its economical management and prudential advantages more generally understood, its title became to a certain extent a misnomer, if not an embarrassment. This is, to a certain extent, the history of all class offices. The title is at

first an advantage in attracting the attention of the class specially appealed to, but when it has served this purpose, and can fairly claim to appeal to the general public, it becomes necessary for the directors to take special means to make the wider scope of their operations known. We may hope that one of the services rendered by the LIFE ASSURER'S HANDBOOK to the cause of life assurance will be that the claims and advantages offered to the general public by class offices of high character, will become known outside the circle of the professions.

The present financial condition of the Provident Clerks' Association is highly satisfactory. The annual premium income of the association exceeds 90,000*l.*; the annual income from interest exceeds 30,000*l.*; the accumulated fund, which was 29,000*l.* in 1850, is now 700,000*l.*; while bonuses amounting to 350,000*l.* have either been allotted in cash or added to the policies of the assured.

The Provident Clerks' have most beneficially carried out a system, whereby, upon the weekly or monthly payments of salary in certain large establishments, the very trifling sum necessary in each case for an assurance is deducted. The Postmaster-General has permitted policies to be granted in this manner to the Post-office employes without the prepayment of any premium, the amount being deducted when the salary is due, and handed over to the life office. Four great railway companies—the Midland, Great Western, Great Northern, and Great Eastern—have adopted the same arrangement. The Railway Benevolent Society, the Southampton Dock Company, and other public and private offices and

establishments, allow the same boon to their employes. Already upwards of 500,000*l.* sterling has been assured with the Provident Clerks' on this system, and the directors remark that "it is probable not one shilling would have been secured had it not been brought within the reach of all by the means adopted by this office."

The plan is capable of indefinite extension. There is not a large warehouse or bank, or mercantile office in the City where it could not be put in practice, to the incalculable benefit of the clerks, warehousemen, and their families. The heads of departments, although already assured, might assure for another 100*l.* or 200*l.*, in order to set the example, and because they would never miss the small instalments. The example would probably then become general throughout the office. We throw out the hint in the interest of life assurance, and as deserving the attention of other offices besides the Provident Clerks'.

The directors have no little reason to be proud of their benevolent fund, which was instituted for the relief and assistance of clerks who, from old age, blindness, or other infirmity, should be rendered incapable of supporting themselves. The widows and families of clerks may also claim relief from this fund. The invested capital amounts to 45,000*l.*, and the directors have lent 50,000*l.* in various sums for the relief of temporary difficulty and embarrassment. They have also given assistance, by way of gratuities, to the extent of 4400*l.* They bestow annuities of 25*l.* to 35*l.* each upon distressed members, according to length of membership, and at the present moment there are four clerks each in receipt of 35*l.*,

fourteen in receipt of 30*l.* and three in receipt of 25*l.* They give annuities of 15*l.* to 25*l.* each to widows of members, and there are now thirteen widows of clerks in receipt of 25*l.*, sixty in receipt of 20*l.*, and forty-three in receipt of 15*l.* Altogether there are 137 annuitants on the benevolent fund, receiving in the aggregate the sum of 2805*l.* per annum. Gratuities and allowances are also given to distressed members and to the orphan children of deceased members. Loans not exceeding 25*l.* are also made to members in need of such accommodation.

Clerks may become members of the benevolent fund by effecting a life assurance for 100*l.* and by a subscription of 5*s.* per annum. If between 40 and 50 years of age, they assure as above, and also pay 10*s.* subscription. If they do not assure, they pay a guinea annually in the one case, and two guineas in the other. After three years, clerks who have effected assurances upon their lives, and paid their subscriptions to the fund, may, if unable to keep up their payments, apply to the directors, who have power to continue the payments by way of loan.

The Provident Clerks' has also opened a Guarantee Association (Limited), with a subscribed capital of 100,000*l.*, in 10,000 shares of 10*l.* each, 50,000*l.* called up and paid. It is specially authorized by Act of Parliament to grant guarantees to Government officials. Persons assuring their lives with the life association in connection with a guarantee, will be enabled to effect the latter at a very considerable reduction of premiums, to the advantage of both institutions.

Altogether the office under notice has the strongest claims upon the confidence of the clerks of Great Britain, and no inconsiderable claims upon the attention and support of the general public. The actuary and secretary is Mr. William T. Linford, Fellow of the Institute of Actuaries, who received at the last meeting a special mark of the confidence of the directors and proprietors.





THE EQUITY AND LAW LIFE OFFICE.

THIS office occupies the highest position among life offices in regard to the average amount of its policies, the average sum assured upon each life being 1850*l*. The chairman of the company, Mr. George Lake Russell, judge of the Bloomsbury County Court, in alluding to this fact at the last annual meeting, also adverted to the bonuses declared by the society. "A friend of mine insured his life here at the time of his marriage for 10,000*l*. He is still a young man, and, if he died to-morrow, the amount we should have to pay, including the present bonus, would be 15,026*l*.—a bonus of 5000*l*. I call that an uncommonly good bonus, and one with which we have every reason to be satisfied."

This is the off-hand princely way in which equity barristers and solicitors discuss life assurance matters in Lincoln's Inn Fields. Clergymen may more generally assure their lives than the members of other professions, but in the sums for which they are assured they fall far below the lawyers. Thus, the London and Provincial Law, according to Mr Buse's tables, comes next to the Equity and Law in the average amount of its policies,

with 1680*l.*; the Legal and General, 1675*l.*; Law Life, 1642*l.*; and the University (largely patronized by lawyers), 1326*l.* Among the general as distinguished from class offices, the London Life stands first, with an average of 1310*l.* With this one exception, the North British and Mercantile stands at the head of both the English and Scotch offices, with an average of 1278*l.*; the Equitable coming next, with 1219*l.*

A life assurance class office appeals irresistibly to the legal profession. There is, first, the certainty of a handsome dividend upon any shares a lawyer may take; then, if he assures his own life, he may expect a handsome bonus upon his annual premiums. A solicitor in large practice, when his client wishes to obtain money on the security of land and other tangible property, naturally does business with his own life office. When his client lends money on personal security, he insists on the debtor assuring his life, and obtains the usual commission from his life office. The lawyer and the life office, in short, find their interests indissolubly connected, and thus it happens that there is not a single mutual office which appeals exclusively to the legal profession. All the legal life offices are proprietary institutions, and several of them have achieved distinguished success in a pecuniary point of view.

The Equity and Law Life was established in 1844. That year marked an important epoch in insurance history; it was the year in which the Joint-Stock Companies Registration Act became law and took effect. It invested the companies registered under the Act with the qualities and incidentals of corporations, giving the

directors the right of suing and being sued, with certain provisions specially applicable to life assurance companies. The leading promoters of the Equity and Law Life were Chancery barristers, solicitors, and conveyancers. It undertook to grant assurances upon the lives of persons in every occupation and station of life, but its shares could only be held by members of the legal profession, either barristers or solicitors. Its capital was fixed at 1,000,000*l.*, divided into 10,000 shares of 100*l.* each. It was only necessary to call up 5*l.* per share, and 1*l.* per share has since been added from the shareholders' portion of the profits, giving a total paid-up capital of 60,000*l.* The dividend upon this capital, owing to the judicious management of the society, must be regarded by the shareholders as eminently satisfactory. It is provided by the interest yielded to the society upon the investment of this 60,000*l.*, and in addition by one-tenth of the profits, the remaining nine-tenths being divided among the assured, who, in return for this one-tenth, have the guarantee of a large and wealthy proprietary. At the close of the sixth quinquennial period, in June last, the directors were enabled to declare a dividend of 14*s.*, instead of 12*s.* a share.

Among the original patrons and trustees of the Equity and Law Life were Lord Monteagle, Chief Baron Pollock, Mr. Justice Coleridge, and Mr. Justice Erle. The first board of directors included Mr. Nassau Senior, Master in Chancery, Sir Fortunatus Dwaris, Mr. F. Newman Rogers, Q.C., Sir Francis Palgrave, F.R.S., Mr. Joseph Phillimore, D.C.L., father of the present judge of the High Court of Admiralty, and other leaders

of the legal profession. The actuary and secretary was Mr. J. J. Sylvester, M.A., F.R.S. In 1849 Mr. George Lake Russell, the present chairman, joined the board. In 1854 the "Lord High Chancellor" headed the list of trustees, a certain indication of the progress and high character of the society. From that time to the present, the highest names in the law have been connected with Equity and Law Life, either as trustees or directors. Viscount Cardwell, Sir W. Erle, Sir J. T. Coleridge, and Sir R. Malins at present act as trustees, and the board of directors includes the names of Mr. Baron Cleasby, Mr. Justice Denman, Sir R. J. Phillimore, and Mr. Raikes, M.P.

It is unnecessary to trace in detail the steady growth and progress of the society. The realized assets of the society now exceed one million. During the last quinquennial period the premiums had increased from 96,237*l.* to 120,345*l.*; and the sums assured from 3,217,545*l.* to 4,015,778*l.* The sums assured had, therefore, been increased by 798,233*l.*, and the premium income by 24,108*l.* The bonuses now in force amount to 227,983*l.*, which, added to the sum assured (4,015,778*l.*), makes the total sum 4,243,761*l.* The increase in the assets during the past five years had been 367,793*l.*, and the divisible surplus at the end of the period was 193,213*l.*, of which the directors recommended the meeting last June to divide 173,180*l.* Of the premiums paid in the five years on policies entitled to participate, the proportion divisible in June was no less than 47½ per cent., that is to say, nearly one-half.

A change of mortality table has been adopted by

the directors from prudential motives, which the policy-holders cannot fail to appreciate. Until lately the table known as the Seventeen Offices' Experience Table was that which gave the highest reserve known in the actuarial world, and up to the recent division this table has always been used in the valuation of the Equity and Law Office. Since their last division of profits for the period terminating in 1869, a new table called the Institute of Actuaries' Table, has been published, which is very much the same as the other, only that where it differs at all it is in giving a slightly larger reserve. In the last valuation the directors adopted the new mortality table. Mr. Berridge, the present skilful actuary, valued the policies doubly—that is by the Seventeen Offices' Experience Table and by the new Institute Table, and finding that the latter gave an increased reserve of 21,241*l.*, he advised the directors to adopt it, and they did so.

The favourable rate of interest realized on the investments has much to do with the prosperity of the society. The permanent investments of the society produce an average rate of 4*l.* 19*s.* 11*d.* per cent., but, including the reversions, the average becomes 5*l.* 3*s.* 8*d.* per cent. Among the assets the largest item is "Mortgages on Property, 616,291*l.*" The next is "Reversions, 244,660*l.*" The directors only invest 23,000*l.* in Consols, while they hold in Foreign Government Securities : — Russian bonds, 53,000*l.*; Brazilian, 16,500*l.*; and Argentine, 9400*l.* The chairman gave an explanation relating to the reversions which was entirely satisfactory to the shareholders. Reversions are

not everybody's money, but a well-conducted life office always has a good deal of capital which under no possible contingency can be suddenly wanted for an emergency. The market is a narrow one, because banks and mercantile men require securities that can be speedily realized. Few people indeed like to lie out of their money and let the interest run on accumulating, which is the case with the purchase of reversions. The directors of the Equity and Law find they get a larger rate of interest by reversions than in securities which are immediately productive, and they invested last year 60,000*l.* on reversions. The calculated rate of interest from this source is 6*l.* per cent., and this brings up the rate of interest all round to 5*l.* 3*s.* 8*d.* per annum, when, without reversions, it would only be 4*l.* 1*9s.* 11*d.*

The Equity and Law Society do not seek to attract life assurers by any special features. They transact all the usual branches of life assurance, and have simplified their policies so as to remove all unnecessary restrictions. The premiums are calculated for every half year of age, thus giving an advantage to those who insure within six months after their birthday. Their accounts, statements, and tables are models of fulness and accuracy, and it is highly to the credit of the society that it has been in the habit of giving the public the same information before the Board of Trade made these returns compulsory. The Equity and Law has nothing to conceal, and the annual statements of its chairman are characterized by the same candour and honesty.



THE ROYAL LIFE OFFICE.

IF the Liverpool and London and Globe Insurance Company may be regarded as the greatest office extant which owes its magnitude to its amalgamations, or the system of purchasing the business and connexions of other companies, the Royal may be cited for its success in pursuing with no small measure of vigour and success the old-fashioned system of doing business by the gradual extension of the number of its customers and the area of its operations.

It happens rather curiously that both are Liverpool offices. Both have influential directors and energetic officers in London, but the "head-centres" have always been, and still are, at Liverpool. While Mr. Swinton Boulton showed his genius and energy in acquiring business ready made to his hand, Mr. McLaren has followed an exactly opposite policy. The Royal has avoided amalgamations, and has made steady and solid progress, as we have said, by its own cultivation of the ordinary sources of business. These two offices, therefore, enable the

public to test the comparative advantages of the two systems.

The Royal Insurance Company was founded as a proprietary office in 1845. This period marked an important epoch in insurance history, and was prolific in new fire and life offices. The Joint-Stock Companies' Act of 1844 had given them the right of suing and being sued, which had previously been obtainable only by special Act of Parliament. Not less than fifty new offices were provisionally registered in 1845 and then died out, and of thirty-eight others founded in the same year, the only offices of note which survive are the Royal, the London and Provincial Law Life, the Sovereign, and the Star. The Royal started with a strong Liverpool board of directors, but at first confined its operations mainly to Lancashire. In 1852, seven years after its foundation, the life premiums were only 17,879*l*. In 1862 they had risen to 105,703*l*. In 1872 the amount had reached 231,156*l*. The directors challenge their competitors to produce an instance of similar progress having ever been attained without amalgamation with other offices. In less than a quarter of a century the Royal took a leading place among our fire and life companies, and even outstripped some offices that had been in the field for upwards of a century, but which had been managed with less vigour and enterprise. "It is a peculiar feature of the Royal (say the directors) that it has never amalgamated with any other company, its success being attributable to the large and liberal views entertained and carried out by its promoters." "The causes of the success of the life business of the Royal (they add) are easily discernible.

They may be stated succinctly as follows:—1st. A careful selection of new lives, and consequently a low rate of mortality; 2nd. An exceedingly moderate expenditure for management; and 3rd. The judicious investment of the life funds. Few offices can state, as the Royal can to its assurers, that for twenty-five years no bad debts have been written against the life accounts; and that these funds have never been reduced by bad or doubtful securities. It is the knowledge of these facts that has obtained for the Royal so high a degree of popularity and public confidence."

The year 1875 has been an important epoch in the history of the Royal. It was the year for declaring the profits of the last quinquennial period, and it was with no ordinary pride and satisfaction that the directors found themselves face to face with the shareholders at the annual meeting, at Liverpool, last August. The chair was taken by Mr. Ralph Brocklebank, one of the vice-chairmen, in the absence of the chairman of the board of directors (Mr. Charles Turner, M.P., since deceased). The directors had continued the method adopted at the investigation of 1870, and had obtained a valuation of the liabilities from an independent actuary, in addition to the ordinary valuation by the officers of the company. The valuations of lives had been previously made upon the Equitable tables, but on this occasion the table used for the valuation of the life policies was the Institute of Actuaries' Table, H M (5), the rate of interest assumed being 3 per cent. The latter tables embrace a large number of offices for a long period of years, and the valuation was more severe than on the previous occasion.

The result was, that the surplus available for bonus to the assured entitled to participate amounted to 203,505*l.*, and that the profit accruing to the shareholders for the period on the life department alone amounted to 67,835*l.*

The progress of the business during the five years must be regarded as satisfactory. The life income (excluding annuities) in 1869 was 262,441*l.*; in 1874 it was 312,414*l.* The amount assured had risen from 6,721,502*l.* in 1869, to 7,619,800*l.* in 1874. The entire life fund (including annuities) in 1869 was 1,173,401*l.* In 1874 it was 1,853,011*l.* The result of the quinquennial valuation of life assurance business left a surplus of 273,600*l.* as profit, out of which a bonus was given to the participating policy-holders of 203,505*l.* In dealing with the profit and loss account the directors wisely carried a sum of 350,000*l.* to the reserve fund, leaving a balance of 182,367*l.* to the credit of the account at the end of 1874.

The Royal, being a proprietary office, is, as Mr. Horsfall remarked at the August meeting, a trading company, and the steady increase of its dividend was naturally a matter of congratulation among the shareholders. It began by paying a dividend of 2*s.* During the thirty years of its existence there has not been a single year in which the dividend paid was a diminution upon that of the previous year. The entire sum paid up by the proprietors does not exceed 2*l.* per share, and therefore the dividend of 15*s.* per share paid in the present year cannot but be regarded as eminently satisfactory. An interim dividend of 3*s.* per share was paid in February, and at the August meeting the directors

recommended a further payment from the profit and loss, by way of bonus, of 7s. per share, and an additional bonus of 5s. per share from the life profits, making altogether 15s. per share, free of income-tax.

The Royal is an insurance company for fire, life, and annuities, and although we have to do with it mainly as a life office, the dividend represents the entire profits of the company. The recent Act of Parliament separates the fire from the life business, and the fire profit for 1874 was no less than 200,139*l.* The year 1874 was an exceptionally prosperous year, the fire premiums amounting to 774,631*l.*, and the fire losses only reaching 402,191*l.* The directors wisely reminded the shareholders that, although they "had escaped any large conflagrations, they could not calculate upon an immunity from large fires," and the reserve fund now stands at 811,784*l.*, against 594,434*l.* of the preceding year.

After providing for the payment of the dividend and bonuses, the funds of the company may be stated in round numbers at 3,000,000*l.* sterling. They stand as follows:—Capital paid up, 289,545*l.*; fire fund, 354,637*l.*; reserve and profit and loss, 459,981; life funds, 1,853,011*l.*

The investments of the Royal evince a happy mixture of boldness and enterprise, tempered by prudence and commended by success. In none of the life offices hitherto described do we meet such an item as the following: "Short loans on British dividend-paying stocks and bonds, with margins of from 20 to 50 per cent. on market values, 552,668*l.*" On British railway ordinary debentures and debenture stock, the directors

only lend 22,000*l.*, while in preference and guaranteed stocks they invest nearly a million. They have great faith in the United States Government stocks, investing nearly 300,000*l.* in them. They invest 105,000*l.* in bonds of the Liverpool Corporation, and only 25,000*l.* in the bonds of the Corporation of London. To other British Corporations they lend 304,000*l.* They also invest 155,000*l.* in "loans to local authorities of various towns in Great Britain, who have obtained the sanction of the Secretary of State to borrow the amounts on security of rates." In Government stocks they only invest 27,000*l.*, but they place 100,000*l.* in Indian Government Four per Cent. Debentures. The justification for this departure from the beaten track may be found in the statement of Mr. T. Bouch, a deputy-chairman of the Liverpool board, who told the shareholders that, "up to the present time, not a penny has been lost." A great responsibility attaches to a board charged with finding safe and lucrative investments for a sum little short of three millions.

The expenditure of the Royal used to be rather high, but it has of late years continued to show a diminishing ratio. During the five years ending 1864 the expenses, including commission and every other charge, was at the rate of 10·40 per cent. upon the life income. During the last five years the directors state that the ratio has only been 8·70 per cent. on the income for the period.

One of the features of the Royal is the system of half premiums for five or seven years, known as the "half-credit system." It is especially adapted to young men possessed of improving incomes, who are unable to meet

the payment of full premiums for the amount they desire to assure. A young man of (say) 25 desires the largest amount of life assurance obtainable by the least possible current expenditure. The ordinary annual premium for 100*l.*, with profits, at the age of 25 is 2*l.* 4*s.* 2*d.*, only one-half of which need be paid during the first seven years, the other half remaining as a debt on the policy until paid off at the convenience of the assured, or until extinguished by the application of bonuses, if so desired. The payments under this plan will be :—First year, half premium, 1*l.* 2*s.* 1*d.*, and interest in advance at 5 per cent. on unpaid half, 1*s.* 1*d.*, together, 1*l.* 3*s.* 2*d.*; second year, 1*l.* 2*s.* 1*d.*, and interest on two unpaid half premiums, 2*s.* 3*d.*, together, 1*l.* 4*s.* 4*d.*; and so on—the third and subsequent payments (if the debt were not paid off) being, full premium, 2*l.* 4*s.* 2*d.*, and interest 7*s.* 9*d.*, together 2*l.* 11*s.* 11*d.* The debt on the policy would then amount to 7*l.* 14*s.* 7*d.*, but this could be paid off at any time, after which the interest would of course cease, or the debt would remain to be deducted from the sum assured. As we have assumed that the policy participates in profits, the bonus additions may be expected ere long to overtake and exceed the debt. Suppose, for example, that the policy had been effected in 1863, so as to receive bonus for six years at the last declaration after the end of 1869. In that event, the reversionary bonus then declared (irrespective of future bonus additions) would have been sufficient to make the net amount receivable at death more than the sum originally assured. Under this system the company stipulate that the cash bonuses shall be first applied to paying off the debt, which

is but reasonable. The half-credit system is thus seen to be especially useful to a young man starting or extending a business, or otherwise completing some investment of his savings.

The quinquennial valuation of 1875 places the Royal high in the list of proprietary offices. Its previous valuation in 1869 was completed by Mr. Samuel Brown, late of the Guardian. The last valuation was likewise made by a distinguished actuary, Mr. Andrew Baden, of the Imperial, a Fellow of the Institute of Actuaries. Mr. Baden, speaking with the authority of a professional and independent actuary, says in his report to the directors:—"It cannot but be regarded as a most satisfactory evidence of the vigorous vitality of your life business that, after such a valuation as that above described, so large a surplus as 273,607*l.* should have been shown. But the full significance of this remains still to be pointed out. If the same principles of valuation had been adopted on this occasion as on the last, I have ascertained that there would have been shown a further surplus of over 90,000*l.*, so that the surplus really existing at this time as the net outcome of five years' operations should be reckoned as amounting to at least 363,607*l.*" Mr. Baden goes on to say:—"I beg, in conclusion, to express the pleasure I feel in submitting a report of results so satisfactory as they cannot fail to be to all who are interested in the welfare of the company, whether policy-holders or proprietors."

The honest and legitimate success of the Royal should encourage other life offices in the diligent pursuit of the ordinary means of extending their own business con-

nexions independently of the purchase of the goodwill and connexions of other companies. If an unprejudiced observer were called upon to decide upon the comparative advantages of the two systems, viz., whether it is better for life assurance managers to devote their attention to the acquisition of business in the usual way, or to strive to get together a business by purchase or amalgamation of other companies, he would, we imagine, give an unhesitating voice in favour of the former plan as adopted by the Royal.



QUEEN INSURANCE COMPANY.

Capital, Two Millions Sterling.

CHIEF OFFICES :
QUEEN INSURANCE BUILDINGS, LIVERPOOL,
AND
60, GRACECHURCH STREET, LONDON.

FIRE. LIFE. ANNUITIES.

BOARD OF DIRECTORS.

CHAIRMAN OF THE COMPANY.

Bernard Hall, Esq., Merchant (Bernard Hall and Co.), Liverpool.

DEPUTY-CHAIRMEN.

George B. Kerferd, Esq., Merchant (G. B. Kerferd and Co.), Liverpool.

J. B. Thomson, Esq., Broker (J. B. Thomson and Co.), Liverpool.

DIRECTORS.

John Bingham, Esq., Merchant (J. Bingham and Co.), Liverpool.
Thomas Ridgway Bridson, Esq., (T. R. Bridson and Sons), Bolton.
Henry Duckworth, Esq., Cotton Broker (Cowie, Duckworth, and Co.), Liverpool.
Andrew Galbraith, Esq., Merchant, Glasgow.
Eustace Greg, Esq., (Greg and Co.), London.
C. R. Hall, Esq., Wine Broker (C. R. Hall and Son), Liverpool.
W. Hind, Esq., Merchant (J. H. Hind and Co.), Liverpool.
Thomas Holder, Esq., Cotton Broker (Chambres, Holder, and Co.), Liverpool.
C. C. Johnstone, Esq., Merchant (S. Johnstone and Co.), Liverpool.
Peter M'Lagan, Esq., M.P., Edinburgh and London.
James Morton, Esq., Greenock Iron Company, Greenock.
J. T. Pagan, Esq., J.P., Guildford, and Reform Club, London.
T. M. Patterson, Esq., Merchant (Patterson Brothers and Co.), Liverpool.
Fletcher Rogers, Esq., Cotton Broker (Rogers and Calder), Liverpool.
John Sharp, Esq., Flax Spinner, Dundee.
Emil Springmann, Esq., Merchant (Springmann and Co.), Liverpool.
N. W. J. Strobe, Esq., Chislehurst, Kent.

*The following extract from the "Seventeenth Annual Report"
(year ending December 31, 1874), will show the ample cha-
racter of the security offered.*

THE FUNDS OF THE COMPANY STAND AS FOLLOWS:—

Capital paid-up	£179,835
Life Assurance Accumulation Fund	204,048
Annuity Fund.. .. .	7,471
Reserve Fund and Suspense Account	180,000

LIFE BRANCH.

*Extract from the Report on the Company's Life Branch, dated May 6, 1874,
by SAMUEL BROWN, Esq., late President of the Institute of Actuaries.*

"The precautions which have been taken not to anticipate any of the future profits of the Company, and by using the table on which the premiums are based at a very low rate of interest, to strengthen its position at all future divisions, are sure to lead to the confidence and support of the public."

The amount at the credit of the Life Fund exceeds 63 per cent. of the entire net Premiums received on every policy now in existence.

Careful Selection of Lives, and consequent large Bonuses.

THE COMPANY HAS PAID, IN SATISFACTION OF CLAIMS, £1,558,535.

J. MONCRIEFF WILSON, *General Manager.*

T. WALTON THOMSON, *Sub-Manager.*

J. K. RUMFORD, *Res. Secretary, London.*

THE ALBION LIFE ASSURANCE SOCIETY

(ON THE MUTUAL PRINCIPLE,)

120, CHANCERY LANE, LONDON.

Directors.

HENRY SMITH ARROWSMITH, Esq.
WILLIAM HENRY BENNETT, Esq.
MARK PINKERTON, Esq.
GEORGE THOMSON, Esq.
OCTAVIUS J. WRAY, Esq.

Auditors.

HENRY SCHULTZ, Esq.
HORATIO SILLIFANT, Esq.

Bankers.

THE CONSOLIDATED BANK, LIMITED.

Medical Officer.

F. T. BUCKLAND, Esq., M.A., M.R.C.S.

Manager and Secretary.

JAMES TESSIER NORTHCOTT, Esq.

Advantages offered by this Society.

ASSURANCES may be effected on a *Single Life, Joint Lives, and Survivorships*, and for any amount.

POLICIES may be made payable to the Assured on attaining a given age, or at Death, if previous.

ANNUITIES, Immediate and Deferred, granted on equitable terms.

ENDOWMENTS FOR CHILDREN.—Sums of Money or Endowments payable to Children at ages 14 and 21.

ENDOWMENTS FOR ADULTS.—Sums payable at the respective ages of 50, 55, 60, 65, or at Death, whichever event may first happen.

NON-FORFEITURE OF POLICIES.—Assurers unable, or who find it inconvenient to pay their Premiums as they fall due, may obtain, on application to the Board of Directors, a temporary credit; or after five years' Membership a new Policy will be granted of a smaller amount, of an equitable value, without any further payments; which may also participate in the profits.

PREMIUMS may be paid Quarterly, Half-yearly, Yearly, in one sum, or on the Ascending or Descending scale.

CREDIT SYSTEM.—One-half of the Premiums may remain unpaid for the first five years.

WHOLE-WORLD POLICIES are granted.

FOUR-FIFTHS OF THE VALUE of a Policy of five years' standing will be advanced on the security of the Policy.

NO EXTRA PREMIUM is charged for persons in the Army and Navy, unless in actual service. Members may serve in the Local Militia or Volunteer Corps within the United Kingdom, without extra Premium.

ATLAS ASSURANCE COMPANY,
FIRE AND LIFE,
 92, CHEAPSIDE, LONDON.

ESTABLISHED 1808.

And Empowered by Act of Parliament of the 54th Geo. III., c. 79.

CAPITAL, £1,200,000.

DIRECTORS.

Chairman—Thos. Chapman, Esq., F.R.S. *Dep.-Chairman*—Benjamin Buck Greene, Esq.; Sir William J. W. Baynes, Bart.; Arthur Edward Campbell, Esq.; James Pattison Currie, Esq.; Joseph Grote Esq.; John Oliver Hanson, Esq.; John George Maclean, Esq.; Vice-Admiral Montgomery.; Charles Andrew Prescott, Esq.; Richard Blaney Wade, Esq.; Philip Ainslie Walker, Esq.

Auditors—Frederick Greene, Esq., and Eugene Frederick Noel, Esq. *Secretary*—Richard Ray, Esq. *Actuary*—William Henry Tyndall, Esq. *Solicitors*—Messrs. G. F. Hudson, Matthews, and Co. *Consulting Actuary*—Charles Ansell, Esq., F.R.S. *Medical Officer*—William Coulson, Esq., F.S.A. *Bankers*—Messrs. Prescott, Grote, Cave, and Cave.

This Office has been established more than 66 years, and its present magnitude and prosperity prove the soundness of the principles on which it has been conducted.

LIFE DEPARTMENT.

The Accumulated Premiums are over £1,550,000. The Annual Income exceeds £160,000. The sum of £5,866,665 has been paid in claims under Life Policies.

Whole World Assurances are granted.

Persons desiring to surrender their Assurances may receive their value in money or, in lieu thereof, may obtain a new Policy without further payment of Premium.

FIRE DEPARTMENT.

No charge made for Policy Stamps.

Renewals should be paid within fifteen days after the respective Quarter-days when they become due.

Losses occasioned by **Lightning** will be paid.

The Policies of the Company extend to cover Losses occasioned by the Explosion of Gas. All Fire Assurances are now exempt from the payment of Government Duty.

Tables of Rates, Forms of Proposal, and any information needful to effect Life and Fire Assurances may be obtained on application to the Office, No. 92, Cheapside, London, or to any of the Company's Agents.

RICHARD RAY, Secretary.

BRITISH EQUITABLE
ASSURANCE COMPANY.

Office—4, Queen Street Place, London, E.C.

MUTUAL ENTRANTS IN 1876 PARTICIPATE IN THE
 EIGHTH DIVISION OF PROFITS.

Policies in force exceed	20,000
Amount in force	£3,500,000
Annual Premium Income	£114,000
Accumulated Fund	£440,000

Average Reversionary Bonus for Eighteen Years, £1 5s. 9d.
per Cent. per Annum.

*Among those Offices which have experienced the Lowest Rate of Mortality
 is the British Equitable Assurance Company.*

MUTUAL ASSURANCES WITHOUT MUTUAL LIABILITY.

POLICIES PAYABLE IN LIFETIME.

NON-FORFEITURE POLICIES BY LIMITED PAYMENTS.

SEPARATE USE POLICIES.

The Clergy Mutual Assurance Society.

ESTABLISHED IN 1829.

OFFICE—2, BROAD SANCTUARY, WESTMINSTER.

Patrons.

His Grace the Archbishop of Canterbury. His Grace the Archbishop of York.

President.

The Right Hon. and Right Rev. the Lord Bishop of London.

Vice-President.

Charles Sumner, Esq., M.A.

Trustees.

His Grace the Archbishop of Canterbury.
His Grace the Archbishop of Dublin. The Archdeacon of Maidstone.

Treasurers.

Edmund Coulthurst, Esq. The Archdeacon of Westminster.

Directors.

CHAIRMAN—The Archdeacon of Westminster. DEPUTY-CHAIRMAN—Robert Few, Esq.

Charles John Baker, Esq.
The Archdeacon of Bath.
Rev. Canon Blomfield, M.A.
The Dean of Bristol.
The Archdeacon of Buckingham.
Rev. J. Lovett Cameron, M.A.
Rev. C. B. Dalton, M.A.
Rev. W. H. Dickinson, M.A.
The Hon. Edward W. Douglas.
Rev. George Eller, M.A.
Rev. Canon Ellison, M.A.
Hon. and Rev. Canon Grey, M.A.
Rev. W. Gilson Humphry, B.D.
The Archdeacon of London.

Rev. Canon Lonsdale, M.A.
The Archdeacon of Maidstone.
The Dean of Manchester.
Rev. Charles Marshall, M.A.
Rev. Canon Miller, D.D.
Rev. J. M. Burn-Murdoch, M.A.
The Bishop Suffragan of Nottingham.
William Rivington, Esq.
Rev. Canon Stone, M.A.
W. H. Stone, Esq., M.D.
John Charles Thynne, Esq., M.A.
Rev. Henry Wace, M.A.
Rev. Canon Williams, M.A.
F. L. Wollaston, Esq., M.A.

COUNSELL.—Thomas Bourdillon, Esq., M.A., Stone Buildings, Lincoln's Inn.

SOLICITORS.—Messrs. Lee, Bolton, and Lee, No. 2, Broad Sanctuary, Westminster.

AUDITORS.—Charles Barber, Esq.; George T. Biddulph, Esq.; Robert J. Lodge, Esq.;
Rev. Alexander Wilson, M.A.

BANKERS.—Messrs. Coutts and Co.

CONSULTING ACTUARY—Frederick Hendriks, Esq. PHYSICIAN—Dr. Stone, 14, Dean's Yard.

ACTUARY—Stewart Helder, Esq. SECRETARY—Matthew Hodgson, Esq.

Total Funds £2,228,347

Total Annual Income 266,603

No Agents employed, and no Commission paid.

REDUCED PREMIUMS.—Assurances may be effected upon payment of four-fifths of the rates chargeable according to the Society's Table, subject to *certain conditions* fully set forth and explained in the Prospectus.

CLAIMS.—The total amount of Claims paid upon death from the commencement of the Society to June 1, 1875, was £1,265,881.

BONUS.—The whole available Bonus is the sole property of Life Assurers; no part whatever is taken from it to be shared amongst proprietors. At the end of every fifth year, profits are equitably apportioned amongst existing Life Assurances. By means of Bonus, 585 of the earlier Life Assurances have been relieved altogether from the payment of Annual Premiums, and additions in almost every case have been made to the sums assured. £280,000 was divided amongst Life Assurances at the last declaration of profits. The next Bonus will be due June 1, 1876, and Assurances made previously to such date will share therein.

Assurers have the privilege, at the time of making an Assurance, of selecting the mode in which the Bonus, whenever due, shall be applied—viz., in an immediate Cash payment, or to the reduction of the Annual Premium, or to the increase of the Capital sum assured.

Assurances may be effected on LIVES, SURVIVORSHIPS, &c., as stated in the Society's Prospectus, to any amount not exceeding £7500.

This Society is strictly confined to the Clergy of the Church of England and of the Episcopal Church of Scotland, their Wives and Families, and the near relations of themselves and Wives.

Prospectuses, Bonus Accounts, Forms of Proposal, &c., may be had at the Office, on personal application, or by letter.

2, BROAD SANCTUARY, WESTMINSTER.

CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY, 13, ST. JAMES'S SQUARE, LONDON, S.W.

DIRECTORS.

Chairman—Right Hon. John Robert Mowbray, M.P., D.C.L.

Deputy-Chairman—William Bowman, Esq., F.R.S.

Henry W. Acland, M.D., F.R.S.

Major William Arden.

Jas. M. Arnott, Esq., F.R.S.

Lionel S. Beale, M.B., F.R.S.

Patrick Black, M.D.

Charles March Deane, Esq.

Arthur Farre, M.D., F.R.S. F.R.S.

Sir Wm. Jenner, Bt., K.C.B., M.D.,

Rev. John Edwd. Kempe, M.A.

Gerard W. Lydekker, Esq., M.A.

Rev. Thomas Medland, B.D.

The Viscount Midleton.

Sir Jas. Paget, Bt., D.C.L., F.R.S.

George H. Pinckard, Esq.

Sir Fredk. M. Williams, Bt. M.P.

AUDITORS.

Chosen by the Assured.

George N. Emmet, Esq.

Wm. Thos. Newmarch, Esq.

ACTUARY AND SECRETARY.

George Cutcliffe, Esq.

Chosen by the Proprietors.

John Coles, Esq.

E. Symes Thompson, M.D.

ASSISTANT ACTUARY.

Benjamin Newbatt, Esq.

CITY BRANCH.—MANSION HOUSE BUILDINGS, E.C.

Rice Wasbrough, Esq., *Superintendent.*

FINANCIAL RESULTS OF THE SOCIETY'S OPERATIONS.

THE ANNUAL INCOME, which is steadily increasing, exceeds . £262,000

THE ASSURANCE FUND, belonging wholly to the Assured, is over £2,016,000

THE NEW POLICIES issued in the Year ending June 30th, 1875, numbered 647, assuring . £341,475

THE NEW ANNUAL PREMIUMS in the Year were . £11,756

THE BONUS ADDED TO POLICIES at the Division in January, 1872, was . £323,871

THE TOTAL CLAIMS BY DEATH paid from the commencement of the Society, amount to . £3,476,213

THE SUBSISTING ASSURANCES AND BONUSES amount to £5,954,684

DISTINCTIVE FEATURES.

CREDIT SYSTEM.—On any Policy for the whole duration of a healthy Life, where the age does not exceed 60, one half of the Annual Premiums during the first five years may remain on credit, and may either continue as a debt on the Policy or be paid off at any time.

INVALID LIVES may be assured at rates proportioned to the increased risk **ENDOWMENT ASSURANCES** may be effected, without Profits, by which the Sum Assured becomes payable on the attainment of a specified age, or at death, whichever event shall first happen.

PROMPT SETTLEMENT OF CLAIMS.—Claims paid *thirty* days after proof of death.

LIMITS OF RESIDENCE.

Persons may, *without any Extra Charge*, go to, reside in, and return from any part of Europe, Malta, the Holy Land, Algeria, Asia Minor, Madeira, any part of North America north of the 33rd degree of North Latitude, the Cape of Good Hope, Port Natal, Australia, Van Dieman's Land, New Zealand, and any part of South America south of the 31st degree of South Latitude.

BONUS YEAR—SPECIAL NOTICE.

The Reversionary Bonus allotted to the Assured at the Division in January, 1872 (amounting to £323,871), averaged 49 per cent., and the CASH BONUS 29 per cent., on premiums paid in the five years.

The TENTH BONUS will be declared in January, 1877, and all With-Profit Policies in existence on the 30th June, 1876, will participate, so that Persons who complete such Assurances before June 30th next will share in that Division, although One Premium only will have been paid.

Forms of Proposal, Balance Sheets, and every information, can be obtained at either of the Society's Offices, or of any of its Agents.

GEORGE CUTCLIFFE, *Actuary and Secretary.*

EAGLE

INSURANCE COMPANY,

FOR LIVES ONLY,

79, PALL MALL, LONDON, S.W.

(ESTABLISHED 1807.)

Directors.

William A. Guy, M.D., F.R.S., *Chairman.*
 George Russell, Esq., *Deputy-Chairman.*

Charles Bischoff, Esq. Thomas Boddington, Esq. Charles Chatfield, Esq. Sir J. Buller East, Bart., D.C.L. Robert Alex. Gray, Esq.	Charles Jellicoe, Esq. Ralph Ludlow Lopes, Esq. James Murray, Esq., C.B. Sir Philip Rose, Esq. [F.R.G.S. Admiral Tindal.
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Auditors.

Henry Rose, Esq. | Wm. R. Barker, Esq.

Medical Officers.

John W. Ogle, M.D. | Wm. Cholmeley, M.D.

Actuary and Secretary.

George Humphreys, Esq., M.A.

Premiums and Interest	£451,296
Accumulated Funds	£3,000,998
Also a Subscribed Capital of more than .	£1,500,000

EXPENSES OF MANAGEMENT.—A little over 3 per cent. of the gross income.

MARRIED WOMEN'S PROPERTY ACT.—A married woman may effect Policy of Assurance upon her own life or the life of her husband for her separate use. By this Act a Policy of Assurance effected by any married man on his own life, and expressed on the face of it to be for the benefit of his wife, or children, or any of them, is deemed a trust for the benefit of them according to the interest so expressed, and shall not be subject to the control of the husband or of his creditors.

A MEDICAL OFFICER is in attendance at the Head Office, at Two o'clock on every Wednesday and Thursday, and at Three o'clock on every Tuesday and Friday, before whom persons whose lives are proposed for insurance may appear. No personal interview with the Directors is required.

The Annual Reports of the Company's state and progress, Prospectus, and Forms, may be had, or will be sent, Post free, on application at the Office, or to any of the Company's Agents.

THE ECONOMIC LIFE ASSURANCE SOCIETY,

No. 6, NEW BRIDGE STREET, BLACKFRIARS, LONDON, E.C.

ESTABLISHED 1823.

Empowered by Act of Parliament, 3 William IV.

Directors.

HENRY BARNETT, Esq., Chairman.	
The Right Hon. E. PLEYDELL BOUVERIE, Deputy-Chairman.	
Charles Arthur Barclay, Esq. Michael Biddulph, Esq., M.P. Edward Charrington, Esq. [M.P.] Hon. Chas. D. R. Hanbury-Tracy, John Harman, Esq.	C. H. W. àCourt Repington, Esq. George Kettilby Rickards, Esq. Alfred Sartoris, Esq. Augustus Keppel Stephenson, Esq. Richard Taylor, Esq.

Auditors.

Alfred Buckley, Esq. Mugh Mackay Gordon, Esq. Physician—Wm. R. Basham, Esq., M.D., 17, Chester Street, Belgrave Square. Surgeon—Geo. D. Pollock, Esq., F.R.C.S., 36, Grosvenor Street, W. Solicitor—Charles Waring Young, Esq., 12, Essex Street, Strand.	John Howell, Esq. John Gilliam Stilwell, Esq. Secretary—John Ralph Grimes, Esq. Actuary—Richard Charles Fisher, Esq.
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ADVANTAGES OFFERED BY THE SOCIETY:

The lowest rates of Premium on the **MUTUAL SYSTEM** for young and middle-aged lives, with early participation in Profits.

Security—Accumated Fund . . .	£3,048,000
Annual Income exceeds . . .	350,000
Claims paid, with Bonus Additions . . .	4,751,991
Bonuses declared . . .	2,858,415

BONUS.—The Society being on the **MUTUAL** principle, the Assured share the **WHOLE OF THE PROFITS**, and the Bonuses are allotted on a principle which secures to each Assurer an *increased* share in the profits of each succeeding Division, by which those policies which extend beyond the average duration become exceedingly valuable. The next Division will be made in 1879.

Table of Annual Premiums required for an Assurance of £100 for the Whole Term of Life, with Participation in Profits.

£ s. d.	£ s. d.	£ s. d.
20 . . . 1 14 7	30 . . . 2 4 3	40 . . . 2 19 9
25 . . . 1 19 0	35 . . . 2 10 11	45 . . . 3 11 9

Assurances granted to the extent of £10,000 on a single Life.
Prospectuses, Statement of Accounts, and full particulars may be obtained on application to

JOHN RALPH GRIMES, Secretary.

THE EDINBURGH LIFE ASSURANCE COMPANY.

FOUNDED 1823.

Assurances in Force	£4,000,000
Claims Paid, upwards of	2,000,000
Total Bonuses declared at seven divisions	700,000
Accumulated Funds	1,300,000
Annual Premium Income	185,000
Bonus declared at latest division (1871)	200,000

EDINBURGH **22, GEORGE STREET.**
LONDON **11, KING WILLIAM STREET, E.C.**

PRESIDENT—Sir G. Graham Montgomery, Bart., M.P.
VICE-PRESIDENT—The Most Hon. the Marquis of Lothian.
MANAGER OF THE COMPANY—David MacLagan, F.R.S.E.
SECRETARY—Geo. M. Low, F.F.A.

LONDON DIRECTORS.

The Hon. Thomas Charles Bruce, <i>Chairman</i> .	The Right Hon. Lord Claud Hamilton.
The Hon. Robert Dundas.	Charles Staniforth, Esq.
John Taylor, Esq.	The Lord Alfred Paget.
John Phillips Judd, Esq.	
MEDICAL OFFICER —Robert Taylor, Esq., M.D., 7, Lower Seymour Street, Portman Sq., W.	
SOLICITOR —William M. Hacon, Esq., 18, Fenchurch Street.	
RESIDENT SECRETARY —F. Chaplin.	JOINT SECRETARY —J. Duncan, F.I.A.

The Non-Forfeiture System, recently introduced by the Directors, entirely obviates loss to the Assured from Non-Payment of Premiums. After One Annual Payment under an ordinary Policy, the policy-holder may, if he decides to pay no more Premiums, obtain a **Paid-up Policy**, free from future payment, for a proportion of the sum assured. A special Prospectus, with detailed explanation of this system, and examples of its operation, may be obtained on application.

FOUNDED A.D. 1844.

Empowered by Special Act of Parliament, 25 & 26 Vict., c. 74.

THE GREAT BRITAIN MUTUAL LIFE ASSURANCE SOCIETY, 101, CHEAPSIDE, LONDON.

DIRECTORS.

Chairman—Viscount Newry, Carlton Club.

John Gould Avery, Esq., 40, Belsize Park.	George R. D. Norton, Esq., Windsor.
William Burn, Esq., 8, Moorgate Street.	William R. Rogers, M.D., 56, Berners St.
Thomas L. Davison, Esq., 2, Royal Exchange Buildings.	Peter Rylands, Esq., Massey Hall, Warrington.
Rev. Charles Lee, M.A., The Vicarage, Bilston, Staffs.	T. C. Simmons, Esq., 17, Burghley Road, Highgate Road.
William Francis Low, Esq., 67, Wimpole St.	Sir Robert E. Torrens, K.C.M.G., 12, Chester Place, Hyde Park Square, and Holn, Ashburton, Devon.
Thomas W. Makin, Esq., Longsight, Manchester.	
James Wright, Esq., 22, Great Winchester Street Buildings.	
<i>Consulting Physician</i> —Edward H. Sieveking, M.D., 17, Manchester Square.	
<i>Consulting Surgeon</i> —Sir Henry Thompson, 35, Wimpole Street, Cavendish Square.	
<i>Physician</i> —Horace Dobell, M.D., 84, Harley Street, Cavendish Square.	
<i>Surgeon</i> —Henry Bullock, Esq., 15, Cumberland Street, Bryanston Square.	
<i>Auditors</i> —William C. Laurie, Esq.; Arthur Scott, Esq.; William H. H. Simmons, Esq.	
<i>Solicitors</i> —Messrs Prideaux & Son, Goldsmiths' Hall.	
<i>General Manager Agency Department</i> —William Wright, Esq.	
<i>Accountant</i> —Arthur W. Dixon, Esq.	
<i>Bankers</i> —The Alliance Bank, Limited.	
<i>Actuary and Secretary</i> —Wm. M. Makeham, Esq.	

SPECIAL ADVANTAGES TO ASSUREES.

The entire Profits divided amongst the holders of participating Policies.
The Profits applied first in extinguishing the Premiums at a given date, and afterwards in making the Policy payable during life; this important advantage being secured without the payment of any additional Premium.
No claim can be litigated or disputed except with the consent of the Members present at a General Meeting, to be specially convened for the occasion.

WM. M. MAKEHAM, *Actuary and Secretary.*

EQUITABLE LIFE ASSURANCE SOCIETY,

OPPOSITE THE MANSION HOUSE, LONDON.

FOUNDED A.D. 1762.

The Oldest Life Office on the Mutual Principle in the World.

BONUS TABLE FOR 1876.

TABLE showing the Amount payable under a Policy for £1000 (with its additions), in the event of its becoming a claim after payment of the premium due in the year 1876.

Policy No.	Policies effected since December 31, 1816.	Sum payable with Additions.
		£ s.
1 to 164	From 1st Jan., 1817, to 24th April, 1817	2,837 10
165 to 660	" 24th April, 1817, to 16th April, 1818	2,757 10
661 to 1,019	" 18th April, 1818, to 4th Feb., 1819	2,677 10
1,021 to 1,413	" 5th Feb., 1819, to 3rd Jan., 1820	2,597 10
1,415 to 1,856	" 7th Jan., 1820, to 22nd Dec., 1820	2,517 10
1,857 to 2,245	" 23rd Dec., 1820, to 30th Nov., 1821	2,437 10
2,247 to 2,699	" 1st Dec., 1821, to 7th Mar., 1823	2,357 10
2,700 to 3,082	" 7th Mar., 1823, to 24th May, 1824	2,277 10
3,083 to 3,349	" 25th May, 1824, to 8th Mar., 1825	2,197 10
3,350 to 3,792	" 9th Mar., 1825, to 3rd Nov., 1826	2,142 10
3,794 to 4,207	" 7th Nov., 1826, to 15th July, 1828	2,087 10
4,210 to 4,617	" 21st July, 1828, to 1st Mar., 1830	2,032 10
4,618 to 4,973	" 3rd Mar., 1830, to 24th Nov., 1831	1,977 10
4,974 to 5,328	" 24th Nov., 1831, to 1st Aug., 1833	1,922 10
5,329 to 5,678	" 1st Aug., 1833, to 18th June, 1835	1,867 10
5,679 to 6,024	" 19th June, 1835, to 21st July, 1837	1,812 10
6,025 to 6,360	" 21st July, 1837, to 22nd Jan., 1839	1,757 10
6,363 to 6,727	" 24th Jan., 1839, to 10th Dec., 1840	1,702 10
6,730 to 7,044	" 15th Dec., 1840, to 2nd Nov., 1842	1,647 10
7,045 to 7,446	" 12th Nov., 1842, to 18th June, 1845	1,612 10
7,448 to 7,740	" 19th June, 1845, to 2nd Mar., 1847	1,577 10
7,741 to 7,997	" 3rd Mar., 1847, to 14th Nov., 1848	1,542 10
7,998 to 8,272	" 14th Nov., 1848, to 19th Nov., 1850	1,507 10
8,273 to 8,586	" 19th Nov., 1850, to 26th July, 1853	1,472 10
8,587 to 8,835	" 26th July, 1853, to 31st Dec., 1855	1,437 10
8,836 to 8,974	" 1st Jan., 1856, to 31st Dec., 1856	1,402 10
8,975 to 9,102	" 1st Jan., 1857, to 31st Dec., 1857	1,367 10
9,103 to 9,221	" 1st Jan., 1858, to 31st Dec., 1858	1,332 10
9,222 to 9,359	" 1st Jan., 1859, to 31st Dec., 1859	1,297 10
9,360 to 9,463	" 1st Jan., 1860, to 31st Dec., 1860	1,260 0
9,464 to 9,586	" 1st Jan., 1861, to 31st Dec., 1861	1,262 10
9,587 to 9,720	" 1st Jan., 1862, to 31st Dec., 1862	1,245 0
9,721 to 9,819	" 1st Jan., 1863, to 31st Dec., 1863	1,227 10
9,820 to 9,953	" 1st Jan., 1864, to 31st Dec., 1864	1,210 0
9,954 to 10,065	" 1st Jan., 1865, to 31st Dec., 1865	1,175 0
10,066 to 10,154	" 1st Jan., 1866, to 31st Dec., 1866	1,140 0
10,155 to 10,250	" 1st Jan., 1867, to 31st Dec., 1867	1,105 0
10,251 to 10,320	" 1st Jan., 1868, to 31st Dec., 1868	1,070 0
10,321 to 10,454	" 1st Jan., 1869, to 31st Dec., 1869	1,035 0
10,455 to 10,699	" 1st Jan., 1870, to 31st Dec., 1870	1,017 10

The Equitable does NOT allow Commission.

J. WARE STEPHENSON, *Actuary.*

EQUITY AND LAW

LIFE ASSURANCE SOCIETY,

18, Lincoln's Inn Fields, London, W.C.

CAPITAL, ONE MILLION,
Fully Subscribed.

TRUSTEES.

The Right Hon. Viscount Cardwell. The Right Hon. Sir William Erle. The Right Hon. Sir John Taylor Coleridge.	The Hon. the Vice-Chanc. Sir R. Malins. Thomas Glover Kensit, Esq. John Moxon Clabon, Esq. Robert John Forcher Broughton, Esq.
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DIRECTORS.

George Lake Russell, Esq., <i>Chairman</i> . John Moxon Clabon, Esq., <i>Dep.-Chairmn.</i> Henry William Birch, Esq. Henry Fox Bristowe, Esq., Q.C. Robert J. P. Broughton, Esq. The Hon. Mr. Baron Cleasby. The Hon. Mr. Justice Denman. Charles J. Dimond, Esq. Simon Dunning, Esq. Wm. H. Dunster, Esq. [M.P.] Alex. Staveley Hill, Esq., Q.C., D.C.L., Wm. Edwd. Hilliard, Esq., Barr.-at-Law.	N. Hollingsworth, Esq. John Iliffe, Esq. Thomas Glover Kensit, Esq. William Benford Nelson, Esq. Frederick Peake, Esq. The Right Hon. Sir K. J. Phillimore. W. B. S. Raekham, Esq. Henry Cecil Raikes, Esq., M.P. George Robins, Esq. Alfred H. Shadwell, Esq. Horace W. Smith, Esq., M.A. Richard Smith, Esq.
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AUDITORS.

<i>Elected by the Proprietors.</i> John Boodle, Esq. George Thompson Powell, Esq. <i>Solicitor</i> —George Rooper, Esq., 17, Lincoln's Inn Fields. <i>Medical Officer</i> —R. P. Cotton, M.D., 33, Cavendish Square. <i>Actuary and Secretary</i> —G. W. Berridge, Esq.	<i>Elected by the Assured.</i> A. H. Bailey, Esq. Leonard Rowe Valpy, Esq.
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Policies are indisputable, except on the ground of Fraud.

LAPSED POLICIES are revived within the period of three months upon payment of the overdue premium and a small fine, *without evidence of health*.

WHOLE WORLD LICENCES will be granted in most cases without payment of extra premium.

NINE-TENTHS of the PROFITS are divided among the Assured every Five Years.

At an Extraordinary General Meeting held on June 9, 1875, the sum of £844,379 was set aside as the value of the Society's liabilities under its Assurances and Annuity Contracts, and £173,180 was ordered to be divided as Bonus; leaving a balance of undivided Profit of £20,033. The Policies were valued by the tables of the Institute of Actuaries, taking interest at 3 per cent.

TABLE of the TOTAL ADDITIONS made up to December 31, 1874, to POLICIES of £1000 each.

Ages at Entry.	NUMBER OF PREMIUMS PAID.					
	Thirty.	Twenty-five	Twenty.	Fifteen.	Ten.	Five.
30	£685 10 0	£549 0 0	£434 10 0	£290 10 0	£175 0 0	£78 10 0
45	841 0 0	678 10 0	533 0 0	353 10 0	271 0 0	93 0 0
60	787 10 0	517 0 0	310 10 0	137 10 0

HAND-IN-HAND

FIRE AND LIFE INSURANCE SOCIETY,

NEW BRIDGE STREET,
(Corner of Queen Victoria Street,)
BLACKFRIARS, LONDON, E.C.

Instituted in 1696.—Extended to Life Insurance, 1836.

DIRECTORS.

The Hon. William Ashley.
 T. Palmer Chapman, Esq.
 John Lettsom Elliot, Esq.
 Rear-Admiral Sir Leopold G.
 Heath, K.C.B.
 Andrew Johnston, Esq.

Frederick Locker, Esq.
 T. Fuller Maitland, Esq.
 John Sperling, Esq.
 James Sydney Stopford, Esq.
 Thos. Turner, Esq.
 W. Esdaile Winter, Esq.

AUDITORS.—Leopold Cust, Esq.; John Lettsom Elliot, Esq.; Charles R.
 Gurney Hoare, Esq.

BANKERS.—Messrs. Goslings and Sharpe, 19, Fleet Street.

PHYSICIAN.—Thos. K. Chambers, M.D., 24, Mount Street, Grosvenor Sq.

SOLICITORS.—Messrs. Nicholl, Newman, Manisty, and Nicholl,
 8, Howard Street. Strand.

ACTUARY.—James M. Terry, Esq. **ASSISTANT ACTUARY.**—Jas. Terry, Esq.

The Oldest Insurance Office in the World.

The only Mutual Office in the Kingdom for both Fire and Life.

There being no Shareholders, all Profits are divided amongst the Insured.

The rate of abatement of Premium thereby given for the current year on Members' Life Policies is 65 per cent. for the First Series, and ranges from 55 to 60 per cent. for the Second Series.

The rate of Bonus return on Septennial Fire Policies (charged at 1s. 6d. per cent.) is 66 per cent.

No Policy-holder is subject to any personal liability.

The Directors are willing to appoint as Agents persons of good position and character.

31st DECEMBER, 1874.

Claims paid on Life Policies to this date . . .	£1,163,197
Amount of Profits returned to this date . . .	858,152

ASSETS.

Accumulated Fund	£1,574,118
Present Value of Life Premiums	1,467,621

LIABILITIES.

Present Value of Sums Insured (£3,795,765) . . .	£1,870,237
Present Value of Life Annuities (£7206 per Annum and £310 Contingent)	53,198

The Accounts of the Society may be had on application at the Office.

BENJAMIN BLENKINSOP, Secretary.

IMPERIAL LIFE INSURANCE COMPANY.

CHIEF OFFICE:

No. 1, Old Broad Street, London.

BRANCH OFFICE:

No. 16, Pall Mall, London.

INSTITUTED 1820.

The Liabilities are, in respect of Sums Assured and Bonuses, within Three Millions Sterling, and, in respect of Annuities, £2300 per annum.

The Income is over £128,000.

The Assets actually Invested in First-class Securities amount to over a Million Sterling.

Of the Subscribed Capital of £750,000, only £75,000 is paid up.

All kinds of Assurances effected at Moderate Rates and on very Liberal Conditions.

Guaranteed Surrender Values.

Loans on Policies to extent of surrender values.

Under favourable conditions Whole-World Policies free of extra charge.

ANDREW BADEN, Actuary & Manager.

LA CONFIANCE FIRE ASSURANCE COMPANY.

Established in Paris, A.D. 1844.

Subscribed Capital £240,000.

Paid-up do. 96,000.

BOARD OF DIRECTORS.

Chairman—Mr. Devinck, Merchant, late President of the "Tribunal de Commerce" Département de la Seine.

MEMBERS.

Messrs. Bandot, Merchant.

" Billiet, Member of the Discount Committee of the Bank of France.

" Evette, Judge of the Tribunal of Commerce.

" Grimoult, O., Judge.

" Halppen, Merchant.

" Koenigswarter, Director of the Colonial Credit Foncier.

" Lippmann, Banker (of Allegrie and Co.).

" Outin, J. P., Merchant.

" Passy, Louis, Member of the National Assembly, Sous-Secrétaire d'Etat au Ministère de Finances.

" Pereire, Eugene, Director of the General Omnibus Company.

" Thibant, Germaine, Judge of the Tribunal of Commerce Département de la Seine. [Contractor.

" Watel, Member of the Municipal Council of Paris, Railway Auditors—Messrs. Delamarre, Delaporte, Mercier.

HEAD OFFICES: PARIS—2, Rue Favart.

General Manager—Mr. H. Charlon, Member of the Society of Actuaries (France); F.I.A. (England).

BRITISH BRANCH: LONDON—36, Cornhill, E.C.

Manager.—I. Chevrillon. *Surveyor*—Mr. Henry Petit, Architect.

Solicitors—Messrs. I. H. Tyas and Huntington.

Bankers—The London and Westminster Bank.

LAW LIFE ASSURANCE SOCIETY.

INSTITUTED 1833.

OFFICE:—FLEET STREET, LONDON, E.C.

SUBSCRIBED CAPITAL, ONE MILLION.

TRUSTEES.

The Right Hon. Baron Chelmsford.
The Right Hon. Baron Campbell.
Right Hon. Russell Gurney, Q.C., M.P.

The Right Hon. Gathorne Hardy, M.P.
William Frederick Higgins, Esq.
Edmond Robert Turner, Esq.

DIRECTORS.

Edward Bailey, Esq., Berners Street, W.
Francis Thomas Bircham, Esq., Parliament Street.
The Hon. Hallyburton G. Campbell, 61, Ennismore Gardens.
Frederick George Davidson, Esq., Spring Gardens.
John Deedes, Esq., Inner Temple.
Oliver William Farrer, Esq., Inner Temple.
William James Farrer, Esq., Lincoln's Inn Fields.
Clement Francis, Esq., Cambridge.
Henry Ray Freshfield, Esq., Bank Buildings.
Rt. Hon. Russell Gurney, Q.C., M.P. (Recorder of London).
Sir Thomas Henry, Hanover Square.
William F. Higgins, Esq., Chester Place, Belgrave Square.
Grosvenor Hodgkinson, Esq., Newark.
John Jas. Johnson, Esq., Q.C., King's Bench Walk, Temple.
Wm. Rolfe Malcolm, Esq., Colonial Office.
R. Bullock Marsham, Esq., D.C.L. (Warden of Merton College, Oxford).
Richard Nicholson, Esq., Spring Gardens.
John Swift, Esq., Great Cumberland Place.
Edward Tompson, Esq., Stone Buildings, Lincoln's Inn.
Sir Charles R. Turner, Chester Terrace, Regent's Park.
John Eldad Walters, Esq., New Square, Lincoln's Inn.
Sir William H. Walton, Surbiton, Surrey.
Arnold William White, Esq., Great Marlborough Street.
Basil Thomas Woodd, Esq., M.P., Conyngham Hall, Yorkshire.

AUDITORS.

Henry Gerard Hoare, Esq., Fleet Street.
Fredk. William Price, Esq. (Messrs. Childs), Temple Bar.
Charles Manley Smith, Esq., Master of the Court of Queen's Bench.
Percival Lewis Walsh, Esq., Oxford.

Actuary—Griffith Davies, Esq.

Physician—Robert Martin, Esq., M.D., 51, Queen Anne Street, Cavendish Square.

Solicitor—J. S. Bockett, Esq., Lincoln's Inn Fields.

Bankers—Messrs. Hoare, Fleet Street.

The Invested ASSETS of this Society on 31st December, 1874, according to the return made to the Board of Trade, exceeded FIVE MILLIONS FIVE HUNDRED AND FORTY-SEVEN THOUSAND POUNDS.

The Income for the same year amounted to £512,730.

The expenses of management (including commission) are under 4 per cent. of the annual income.

ASSURANCES upon lives are granted for any desired amount, either with participation in Profits, or at a lower rate of Premium without participation in Profits.

FOUR-FIFTHS OF THE PROFITS made by this Society are every **Fifth Year** appropriated to the Persons assured on the participating scale of Premiums who have been so assured for Two full years and upwards, prior to the date of the Division.

At the Divisions of Profits hitherto, Bonuses amounting to upwards of **£5,523,138** have been added to the several Policies.

Since the establishment of this Society the sum of **£10,228,346** has been paid in claims upon death, of which the sum of **£2,469,807** has been in respect of Bonus.

LOANS are granted on security of Life Interests in connexion with Policies of Assurance.

Loans are also granted on security of the unincumbered Policies of the Society nearly to the extent of their surrender value.

Prospectuses containing the New Rates recently adopted by the Society, may be obtained and Assurances effected through any Solicitor in town or country, or by application direct to the Actuary, at the Office in London.

Dec., 1875.

GRIFFITH DAVIES, Actuary.

THE LIVERPOOL AND LONDON AND GLOBE INSURANCE COMPANY.

Trustees of Company.

Liverpool: T. Brocklebank, Esq.; J. Hubback, Esq.; J. A. Tobin, Esq.
London: Henry V. East, Esq.; Sir Chas. Nicholson, Bt., D.C.L.; Wm. Nicol, Esq.

Trustees of Globe Million Fund.

Sir Charles Nicholson, Bart., D.C.L.; John W. Robins, Esq.; W. Newmarch, Esq., F.R.S
W. Nicol, Esq.; Capt. Henry Whatley Tyler, R.E.

Directors.—Liverpool Board.

Office—No. 1, DALE STREET.

Chairman, J. Hubback, Esq.

Deputy-Chairmen,

H. B. Gilmour, Esq.; A. Castellain, Esq.

C. T. Bowring, Esq.	H. Littledale, Esq.
T. Brocklebank, Esq.	G. H. Loxdale, Esq.
C. J. Corbally, Esq.	Geo. Melly, Esq.
Alfred Fletcher, Esq.	H. H. Nicholson, Esq.
A. P. Fletcher, Esq.	Wm. Paton, Esq.
W. D. Holt, Esq.	James Rome, Esq.
J. A. Tobin, Esq.	

Secretary of the Company, J. M. Dove, Esq.

Auditors,

Peter S. Boulton, Esq.; Isaac Kitchen, Esq.

Medical { J. R. W. Vose, Esq., M.D.
Referees { E. R. Bickersteth, Esq.

Bankers { Bank of Liverpool.
 { Union Bank of London.

Solicitors { Messrs. Laces, Banner, Bird,
 { Newton, and Richardson.

Directors.—London Board.

Offices—CORNHILL & CHARING CROSS.

Chairman,

Sir Charles Nicholson, Bart., D.C.L.

Deputy-Chairman, W. Nicol, Esq.

Wm. Dent, Esq.	Hon. S. C. Glyn.
Hon. Ed. Drummond.	W. Macnaughtan, Esq.
Henry V. East, Esq.	Ross D. Mangles, Esq.
R. W. Gausson, Esq.	James Morley, Esq.
G. D. Whatman, Esq.	

Actuary of the Company { Augustus
and Resident Secretary { Hendriks, Esq.

Fire Superintendent,

T. Septimus Marks, Esq.

Auditor, H. H. Cannan, Esq.

Medical { J. R. Bennett, Esq., M.D.
Referees { A. Anderson, Esq., F.R.C.S.

Consulting Surgeon,

Sir J. Paget, Bart., F.R.S.

Bankers { Messrs. Glyn, Mills, Currie, & Co.
 { The London and County Bank.

Solicitors, Messrs. Palmer, Bull, and Fry.

Surveyors,

E. N. Clifton, Esq.; W. Thompson, Esq.

OFFICES.

Manchester—59, King Street.

West of { Corn Street, Bristol.
England }

Leeds—65, Albion Street.

Scotland { 128, Ingram Street,
 { Glasgow.

Dublin—1, College Green.

New York—William Street.

Montreal—Place d'Armes.

Sydney—Wynward Square.

Melbourne { Elizabeth Street
 { South.

Progress of the Liverpool and London and Globe Insurance Company since 1850.

Year.	Fire Premiums.	Life Premiums.	Invested Funds.
1851	£54,305	£27,157	£502,824
1856	222,279	72,781	821,061
1863	580,000	210,000	3,350,000
1867	836,816	259,039	3,401,005
1874	1,082,521	254,949	4,861,837

Fire and Life Claims paid since its establishment amount to upwards of £12,000,000.

LONDON & LANCASHIRE

LIFE ASSURANCE COMPANY.

HEAD OFFICE.
LONDON: LEADENHALL ST., CORNHILL, E.C.

LIVERPOOL OFFICE.
11, DALE STREET.

BOARD OF DIRECTION.

Chairman, Col. Kingscote, C.B., M.P.

Deputy-Chairman, Alderman Sir Thomas Dakin.

Hon. Evelyn Ashley, M.P.

John J. Kingsford, Esq.

Abel Chapman, Esq.

R. Barclay Reynolds, Esq.

Samuel Gurney Sheppard, Esq.

Manager and Actuary, William Palin Clirchugh.

BRANCH OFFICES AT

BELFAST, BIRMINGHAM, DUBLIN, GLASGOW, LEEDS,
MANCHESTER, MERTHYR (FOR SOUTH WALES).

INDIAN BRANCHES—CALCUTTA AND BOMBAY.

AUSTRALIAN BRANCH—107, COLLINS ST. WEST, MELBOURNE.

CANADA BRANCH—MOLSON'S BANK CHAMBERS, MONTREAL.

AND NUMEROUS AGENCIES THROUGHOUT THE KINGDOM.

THE NEW ASSURANCES for 1874 amounted to £281,379.

DIVISION OF PROFITS.—The result of the Valuation as at the 31st of December, 1872, by the Carlisle Three Per Cent. Tables, the whole of the loading being reserved, thus bringing the pure Premiums only into account, was a Bonus distribution of £1 per cent. per annum as an addition to the Whole-Life Participating Policies, equivalent to a per centage varying from 23 to 50 per cent. of the Premiums paid, and an addition of 20 per cent. on the Shareholders' Fund.

BONUSES EVERY FIVE YEARS.—Eighty per cent. of the Profits returned to the Participating Policy-holders.

ASSURANCES FOR BENEFIT OF WIFE AND CHILDREN.—In terms of the "Married Women's Property Act, 1870," this Company is prepared to issue Policies securing the amount for the benefit of the Wife, or of the Wife and Children, which cannot be taken by the husband's creditors. These Policies are free from Probate duty.

ASSURANCES granted on the Lives of persons proceeding to India at revised moderate rates.

SURRENDER VALUES given for Policies after three years' Premiums have been paid.

FREE PAID-UP POLICIES granted after One Premium has been received, if the Assurance be effected under the Limited Premium Table; and after Three Annual Premiums, if under the ordinary Whole-Life Tables.

COMMISSION allowed to Solicitors and others introducing business.

Agents wanted in unrepresented Districts.

THE LONDON LIFE ASSOCIATION,

81, KING WILLIAM STREET, LONDON, E.C.

Established 1806.

PRESIDENT—Alfred Head, Esq. VICE-PRESIDENT—John Costeker, Esq.

TRUSTEES.

Francis Henry Mitchell, Esq.	George Fred. Pollock, Esq.
James Ewing Mathieson, Esq.	George Hanbury, Esq.

DIRECTORS.

John Baggallay, Esq.	Gabriel Goldney, Esq., M.P.
Mark Cattley, Esq.	Henry S. King, Esq.
Gordon Wyatt Clark, Esq.	Jos. Johnson Miles, Esq.
Chas. M. Clode, Esq.	Robert Pott, Esq.
William Corrie, Esq.	S. W. Silver, Esq.
Thomas Devas, Esq.	Robert Owen White, Esq.

SOLICITORS—Messrs. Druce.

Policies now in Force	£8,150,000
Fund accumulated and invested in First-Class Securities upwards of	3,200,000
Policy Claims Paid	6,600,000

The ASSOCIATION employs NO AGENTS, and pays NO COMMISSION in any shape, for the introduction of Policies.

Its expenses are small, being about $2\frac{1}{2}$ per cent. of its gross income, or $3\frac{1}{2}$ per cent of its Premium income.

An investigation of its affairs is made every year, and the surplus is applied solely to the reduction of the Premiums, such reduction commencing with the eighth payment.

During the last 30 years the reduction has *increased*, on an average, at the rate of about One per cent. per annum; and as the mortality among its Members continues to be much within the estimate, and the funds of the Society are invested at a higher rate of interest than is assumed in the valuations, it is expected that the Premiums may be still further reduced.

PREMIUMS commenced before January, 1856 (1st Series), this year will be reduced $94\frac{1}{2}$ per cent.

PREMIUMS commenced before July, 1865 (2nd Series), this year will be reduced $84\frac{1}{2}$ per cent.

PREMIUMS commenced before July, 1868 (3rd Series), this year will be reduced $69\frac{1}{2}$ per cent.

EDWARD DOCKER,
ACTUARY AND SECRETARY.

The Middlesex Fire Office, Limited.

OFFICES—27, MOORGATE STREET, LONDON, E.C.

Manchester Branch—3, Bond Street.

AGENCIES IN THE PRINCIPAL TOWNS OF THE UNITED KINGDOM.

DIRECTORS.

Lord Francis George Godolphin Osborne, 19, Chapel Street, Park Lane, W.

Sir William Coote Seton, Bart., Pitmedden House, Uday, Aberdeenshire.

James Whitlow, Esq., Merchant, 59, Mark Lane, E.C.

Frederick Richard Harold, Esq., Managing Director.

BANKERS.—London and South-Western Bank, Limited, 7, Fenchurch Street, E.C.,
and all its Branches.

SOLICITORS.

Messrs. Saunders, Hawksford, and Bennett, 27, King Street, Cheapside, E.C.

AUDITORS.—Messrs. Barrett and Patey, Public Accountants, 90, London Wall, E.C.

MANAGER.—F. R. Harold.

THIS COMPANY OFFERS THE FOLLOWING ADVANTAGES:—

Moderate rates of Premium.

Risks accepted at rates corresponding to the hazard of each case without regard to Tariff regulations.

Special arrangements where appliances are provided for suppressing Fires.

Prompt and liberal Settlement of claims.

Explosions of Gas and Accidents from Lightning. Losses thus occasioned paid for.

All descriptions of Fire Insurances transacted both at Home and Abroad.

Liberal discount allowed to persons effecting Insurances for 5, 10, or 15 years.

Commission to Agents, Solicitors, and others introducing business, 15 per cent.

NATIONAL LIFE ASSURANCE SOCIETY,

For Mutual Assurance,

2, KING WILLIAM STREET, LONDON, E.C.

ESTABLISHED IN 1830.

DIRECTORS.

President—George Burnand, Esq.

John Blundell, Esq.

Joseph Colling, Esq.

Frederick Lock, Esq.

George Nicholas, Esq.

Henry Pollock, Esq.

Vice-President—Thos. Curtis, Esq.

John Charles Salt, Esq.

Henry Sewell, Esq.

The Hon. G. Talbot.

Captain H. W. Tyler, late

R.E.

ACTUARY—Charles Ansell, Jun., Esq.

The Accumulated Fund of this Society (exceeding £660,000) is of unusual magnitude in proportion to its liabilities.

All the Profits belong to the Assured, and are applied to the gradual reduction and ultimate extinction of their premiums, a result which may be expected to occur, in the average of cases, in about 20 years from the date of the Policy.

Funds for the Education of Children and for their Establishment in Life may be provided on unusually favourable terms, on a new system lately introduced by this Society, based upon tables of mortality specially constructed for the purpose.

Persons residing in the Country can effect Assurances without personal attendance in London.

Prospectuses and further information forwarded post free on application.

HENRY JOHN PUCKLE, Secretary.

NEW YORK LIFE INSURANCE COMPANY.

ESTABLISHED 1845.

Conducted under the official supervision of the Insurance Department of the Government of the State of New York, reports deposited annually with the Board of Trade in Great Britain, in accordance with the "Life Insurance Companies' Act, 1870."

Trustees.

(With whom have been deposited 100,000 Dollars in United States Bonds, equal to over £20,000, for the special Security of the Policy-Holders in Great Britain and Ireland.)

SIR FREDERICK ARROW, KNT., Pilgrim's Hall, Brentwood, Essex, and Trinity House, London.

FREDERICK FRANCIS, Esq., 75, Kensington Gardens Square, Hyde Park, W., Director London and County Bank.

A. H. PHILLPOTTS, Esq., Carshalton, Surrey, Director Bank of British North America.

LIFE ASSURANCE ONLY. PURELY MUTUAL.
ALL PROFITS ANNUALLY TO POLICY-HOLDERS.

STATEMENT FOR YEAR ENDING DEC. 31, 1874:

Accumulated Funds	£5,455,717
Surplus over all Liabilities and Reserve Fund, according to valuation made by the Government	923,918
Income for Year	1,611,912

BRANCH OFFICE FOR EUROPE:

(Established 1870)

76 & 77 CHEAPSIDE, LONDON, E.C.

J. FISHER SMITH,

Manager for Great Britain and Ireland.

NORWICH UNION LIFE INSURANCE SOCIETY,

INSTITUTED 1808.

*(Including, by Act of Parliament, the AMICABLE SOCIETY, founded by Royal
Charter in the reign of Queen Anne.)*

CHIEF OFFICES:

SURREY ST., NORWICH, AND 50, FLEET ST., LONDON, E.C.

Directors.

THOMAS BREVOR, Esq., *President.*
HON. FREDERICK WALPOLE, M.P., *Vice-President.*
W. R. CLARKE, Esq.
ROBERT FITCH, Esq., F.S.A., F.G.S.
ARTHUR PRESTON, Esq.
W. H. CLAESBURN, Esq.
GEORGE FORRESTER, Esq.
I. B. COAKS, Esq.
ALFRED MASTER, Esq., F.R.C.S.

Funds as at Dec. 31, 1874	£2,123,082
Annual Premium Income	159,568
Revenue from all sources	257,139

The whole of the Profits belong to the Assured.

*Attention is directed to the New Series Policies, commenced under the
authority of "The Norwich Union Life Insurance Society's Act, 1868," the
Bonus additions to which have been large.*

Prospectuses and full information as to the principles and practice of
the Society may be had at the Head Office, or from any of the Agents.

T MUIR GRANT, *Secretary.*
C. J. BUNYAN, *Actuary.*

PRUDENTIAL
ASSURANCE COMPANY,
62, Ludgate Hill, London, E.C.

REVERSIONS PURCHASED.

EVERY DESCRIPTION OF LIFE ASSURANCE AND ANNUITY
BUSINESS TRANSACTED.

The Annual Premium Income exceeds £750,000.

The Policies in this Company become absolutely indisputable after they have been in existence five years, or immediately, to the extent of the principal, interest, and costs, not exceeding the sum Assured if assigned to an innocent holder for a *bonâ fide* consideration.

The last Annual Report and last Valuation Schedule can be obtained upon application.

PROTECTOR
Endowment, Loan, & Annuity Company.
OFFICES, 84, KING STREET, CHEAPSIDE.
Capital, £100,000.

DIRECTORS.

Alfred Smee, Esq., F.R.S., *Chairman.*

James Lyne Hancock, Esq.

Edward Solly, Esq., F.R.S.

George Tyler, Esq.

William Henry Thornthwaite, Esq.

William Trego, Esq.

Alexander McMorran, Esq., *Secretary.*

AUDITORS.—H. C. T. Beadnell, Esq., George H. Ladbury, Esq.

BANKERS.—Messrs. Smith, Payne, and Smiths, No. 1, Lombard Street.

MEDICAL EXAMINER.—Alfred Hutchison Smee, Esq., F.C.S.

SOLICITOR.—Thomas H. Devonshire, Esq., Old Jewry.

ANNUITIES GRANTED.

This Company is prepared to advance money in sums from £100 to £2000, on good personal security, in connexion with life risk, repayable by quarterly or half-yearly instalments in one, two, and three years.

For prospectuses, terms, and all other information, apply at the Chief Office, as above.

ALEX. McMORRAN, *Secretary.*

POSITIVE

GOVERNMENT SECURITY

LIFE ASSURANCE COMPANY,

LIMITED,

34, CANNON STREET, LONDON.

Positive Plan of Life Assurance.

The New System of Reserving and Investing for Policy-holders in Government Securities the entire Net Premiums.

"To make the system of Life Assurance complete, it has yet to be recognized that an Assurance Society is, in its very essence, less a trading company for profit to shareholders than an institution with purposes of trust for Policy-holders, the trust being to receive and husband the Premiums till such time as, by the discharge of the Members' claims, the trust is ended as far as such Members are concerned. To this end it should be enacted, that *every* office shall each year put apart in a 'Trust Fund' a proper proportion of its Annual Premiums to meet assurance risks and claims only, and not to be touched in any way for expenses, which, if need be, should come out of the shareholders' capital. The Trustees of the Fund would take care that it is productively invested, so as to obtain the best rate of interest consistent with safety."

The above is the opinion of an eminent Actuary of the present day, and the plan laid down is exactly that adopted by the "POSITIVE," THE ENTIRE NET PREMIUMS ON ASSURANCES (in addition to 20 per cent. of the Capital), being invested at compound interest in trust for Policy-holders, and hypothecated exclusively for the purpose of paying claims under Policies. The investments are made, in England, in Consols, yielding interest at the rate of about $3\frac{1}{4}$ per cent. per annum, and in India, in Indian Government Securities yielding about 4 per cent.; the interest being reinvested to credit of the Funds.

In order that so important a matter as the preservation of the Premium and Guarantee Funds might not be left entirely to the care and vigilance of the Executive Officers, TRUST DEEDS have been executed, prescribing that the Funds be set apart, for the exclusive benefit of Policy-holders, in the names of Trustees, and be applied to no other purpose than the payment of claims under Policies.

Central Trustees for Great Britain and Ireland.

The Right Hon. Lord Sandhurst, G.C.B., G.C.S.I., 18, Grosvenor Gardens, Belgravia.

Thomas Hughes, Esq., Q.C., 9, Old Square, Lincoln's Inn.

M. H. Chaytor, Esq., Chairman of the National Discount Company, and Alliance Bank.

Trustees for India.

The Government Official Trustees for Bengal, Madras, and Bombay.

To each of the Trustees quarterly reports are made of the exact sums which ought to be invested in their names; they have full power to verify these returns by inspection of the records of the Company, and they possess every necessary authority for preserving the Funds at the proper limits, that those Funds may at all times represent an adequate provision for outstanding liabilities under Positive Assurances.

Loss to Policy-holders is thus a simple impossibility, and while such a system gives to Life Assurance a new and valuable character, by providing the highest order of security in the world for the Assured, and sweeps away all the harassing conditions and technicalities which surround ordinary Life Assurance—while it puts an end to policy forfeiture, and provides the Assured with a negotiable property for every Premium paid—the scientific principles on which Life Assurance has so long and safely rested are not disturbed.

Policies for Whole Life, Short Terms, Endowment, and Joint Lives.

PROVIDENT LIFE OFFICE,

50, Regent Street, and 14, Cornhill, London.

ESTABLISHED 1806.

Invested Funds	£1,852,232
Annual Income	239,353
Existing Assurances, including Bonus additions	5,313,225
Cash divided among the Policy Holders as Bonus at the last Quinquennial Division of Profits	170,661

EXAMPLES OF BONUSSES ADDED TO POLICIES ISSUED BY THE PROVIDENT LIFE OFFICE.

CLAIMS PAID.	
£11,775 6s. 8d. has been paid on Policy No. 4718, issued for £5000	
9,637 2s. 2d. " " No. 4937, " for 4000	
2,182 11s. 8d. " " No. 5532, " for 1000	

POLICIES STILL EXISTING.	
Policy No. 3924, for £5000, has been increased to £12,000 7s. 0	
" 6616, " 4000, " 8,855 17s. 6	
" 5915, " 500, " 1,153 12s.	
These will continue to be augmented annually until death.	

A person aged 30 desiring to free himself from payments at a certain age, may effect a Policy of £1000 with Profits, by payment of a Premium of £34 11s. 8d. during 20 years only.

SURRENDERS.

Any person wishing to discontinue further payments, even only one Premium has been received, may take the value of the Policy in cash, or a new Policy for a reduced amount requiring further payments.

LOANS ON POLICIES.

Loans are advanced by the Office upon the deposit of a Policy when the surrender value amounts to £10.

Rates and Forms of Proposal will be forwarded on application to THE PROVIDENT LIFE OFFICE, 50, Regent Street, &

PELICAN LIFE INSURANCE COMPANY, (ESTABLISHED IN 1797),

70, Lombard Street, City, and 57, Charing Cross, Westminster.

DIRECTORS.

Henry Robert Brand, Esq.	Henry Lancelot Holland, Esq.
Octavius E. Coope, Esq., M.P.	Sir J. Lubbock, Bart., M.P., F.R.S.
John Coope Davis, Esq.	John Stewart Oxley, Esq.
Henry Farquhar, Esq.	Benjamin Shaw, Esq.
Charles Emanuel Goodhart, Esq.	Dudley Robert Smith, Esq.
Kirkman D. Hodgson, Esq., M.P.	Marmaduke Wyvill, Esq.

THIS COMPANY offers—

COMPLETE SECURITY.

MODERATE RATES OF PREMIUM with participation in Four-fifths or Eighty per cent. of the Profits, such profits being either added to the Policy, applied in reduction of premium, or paid in cash at the option of the Insured.

LOW RATES without participation in Profits.

Loans in connexion with Life Assurance, on approved security, in sums of not less than £500.

ANNUAL PREMIUM

required for the Assurance of £100, for the whole term of life:—

Age.	Without Profits.	With Profits.	Age.	Without Profits.	With Profits.
15	£1 11 0	£1 15 0	40	£2 18 10	£3 6 5
20	1 13 11	1 19 3	50	4 0 9	4 10 7
30	2 4 0	2 10 4	60	6 1 0	6 7 4

Any Insured party may, if he think proper, pay the whole amount of premium required on a Life Policy in a few years by increasing the annual payments according to a fixed table, after which he will have nothing more to pay.

Policies payable in the lifetime of the Assured are granted with participation in profits on the Tontine principle.

ROBERT C. TUCKER, *Sec. pro tem.*

A RAILWAY ACCIDENT to any particular person, is, no doubt, a (theoretically) remote contingency; but as it may happen, as a matter of fact, the very next journey undertaken, and as the sum at which it will be seen the risk (in a pecuniary sense) may be extinguished **FOR LIFE** is almost absurdly small, it is not too much to say that the insurance is an **OBVIOUS DUTY** in the case of most travellers.

RAILWAY ACCIDENT **Mutual Assurance Company, Limited.**

OFFICES—42, POULTRY, LONDON, E.C.

*** TRUSTEES AND † DIRECTORS.**

* JAMES ABBISS, Esq., J.P.	+ H. E. KNIGHT, Esq., Alderman and Sheriff.
+ MICHAEL ANGLO, Esq.	+ M. E. MARSDEN, Esq.
+ JOHN BROWN, Esq.	+ R. B. MARTIN, Esq., M.A., F.S.S.
+ C. W. C. HUTTON, Esq., J.P., F.S.S.	+ H. OSBORNE WHITE, Esq.
+ ARTHUR LAGO, Esq.	* JAMES WHITE, Esq., F.R.A.S.
* ANDREW JOHNSTON, Esq., J.P.	

Railway Accidents only. Mutual Assurance with Guarantee.

Reserve Fund and Guarantee, £14,000.

A Policy covering the **WHOLE OF LIFE** is issued by the Company for £3, insuring a sum of £1000 if killed, or a weekly allowance for total disablement of £6, and £1 10s. for partial disablement.

Table of Rates for smaller sums, and for premiums by two instalments, Prospectuses, and Proposal Forms free on application to Mr. W. BURN, F.S.S., Managing Director.

RELIANCE

MUTUAL LIFE ASSURANCE SOCIETY.

ESTABLISHED 1840.

OFFICES :

71, King William Street, London, E.C.

DIRECTORS.

J. T. Abdy, Esq., County Court Judge, Baddow House, Chelmsford.
W. W. Duffield, Esq., Solicitor, Chelmsford.
J. W. Egerton Green, Esq., J.P., Banker, Colchester.
Alexander Howden, Esq., Ship and Insurance Broker, Birch Lane.
John W. Lay, Esq., J.P., Walcott's, Great Tey, Essex.
J. Oxley Parker, Esq., J.P., Banker, Maldon.
William Phelps, Esq., Montague Place, Russell Square.
John Pike, Esq., Hop Merchant, Southwark.
Henry T. Prinsep, Esq., Member of Indian Council.
Charles H. Smith, Esq., J.P., Tenby.
James C. Traill, Esq., Twyford, Berks.
W. M. Tufnell, Esq., J.P., Banker, Chelmsford.

Secretary—Edward Butler.

Assistant Secretary—Henry Unwin.

Medical Officers—J. W. Ogle, Esq., M.D.; H. Fly Smith, Esq., M.B.

Bankers { Messrs. Williams, Deacon, & Co., Birch Lane;
The London and County Bank;
Messrs. Sparrow, Tufnell, and Co., Chelmsford.

Solicitors { Messrs. Street, Son, & Poynder, 21, Lincoln's Inn Fields;
Messrs. Gepp & Sons, Chelmsford.

Attention is requested to the following Features of the Society.

Moderate rates of Premium.

The entire Profits belong to the Assured, and are divided quinquennially.

Liberal treatment as to Travel and Foreign Residence.

Policy-holders are protected from all Liability by the Deed of Settlement and by a clause in each Policy; they have, therefore, the advantage of a large Premium Fund with the absence of all individual risk.

Second-class lives are allowed to pay ordinary rates with the extra premium charged as a debt on the policy reducible annually.

Absolute Assurances, by which, for each Premium paid, a given amount is secured, independent of further Premium payment.

Claims not exceeding £200 are paid as soon as recognized by the Board, and Assurances of larger amount, within three months after proof of death.

Forms of Proposal, Prospectuses, and every information may be obtained on application at the Head Office, or any of the Society's Branches or Agencies throughout the United Kingdom.

ROYAL EXCHANGE ASSURANCE CORPORATION,

(ESTABLISHED BY ROYAL CHARTER, A.D. 1720.)

FOR SEA, FIRE, LIFE, AND ANNUITIES.

Chief Office, Royal Exchange, London: Branch, 29, Pall Mall.

The Accumulated Funds exceed £3,700,000.

JAMES STEWART HODGSON, Esq., *Governor.*
CHARLES JOHN MANNING, Esq., *Sub-Governor.*
FRANCIS ALEXANDER HAMILTON, Esq., *Deputy-Governor.*

DIRECTORS.

Robert Barclay, Esq.
John Garratt Cattley, Esq.
Mark Currie Close, Esq.
Edward James Daniell, Esq.
William Davidson, Esq.
Alexander Druce, Esq.
Fredk. Joseph Edlmann, Esq.
Charles Hermann Goschen, Esq.
Charles Seymour Grenfell, Esq.
Robert Amadeus Heath, Esq.
Wilmot Holland, Esq.
Egerton Hubbard, Esq., M.P.

William Knowles, Esq.
Neville Lubbock, Esq.
George Forbes Malcolmson, Esq.
Daniel Meinertzhagen, Esq.
William Robert Moberly, Esq.
Lord Joceline Wm. Percy.
Sir John Rose, Bart.
Samuel Leo Schuster, Esq.
Eric Carrington Smith, Esq.
Octavius Wigram, Esq.
Montagu C. Wilkinson, Esq.
Charles Baring Young, Esq.

Secretary, E. R. HANDCOCK, Esq.

Manager of the Marine Department, EDWARD F. GEDGE, Esq.

Manager of the Fire Department, CHARLES P. BALL, Esq.

Actuary, THOS. B. WINNER, Esq.

Accountant, JOHN A. HIGHAM, Esq.

Cashier, J. J. WRIGHT, Esq.

Physician, T. M. DALDY, Esq., M.D., Finsbury Square.

FIRE ASSURANCES on liberal terms.

LIFE ASSURANCES with or without participation in profits. Divisions of Profit every Five Years.

The following Table shows the **BONUSES** declared up to the 31st of December, 1870, on British Participating Policies of Twenty-nine years' standing for the sum of £1000 each:—

Age when Assured.	Bonus in Addition to Sum Assured.	Bonus in Reduction of Premium for the whole Remainder of Life.	Age when Assured.	Bonus in Addition to Sum Assured.	Bonus in Reduction of Premium for the whole Remainder of Life.
	£	£ s. d.		£	£ s. d.
30	381	14 18 2	45	466	32 10 8
35	400	18 12 6	50	526	Premium
40	428	24 2 4	55	603	extinguished.

The divisions of Profit take place *every Five years.*

A liberal participation in Profits, with exemption, under Royal Charter, from the liabilities of partnership; the guarantee of a large invested Capital-Stock, and all the advantages of modern practice, with the security of an Office whose resources have been tested by the experience of **MORE THAN A CENTURY AND A HALF.**

A Prospectus, Table of Bonus, and Balance-Sheet will be forwarded on application.

E. R. HANDCOCK, Secretary.

ROYAL INSURANCE COMPANY.

FIRE AND LIFE.

Head Offices:
North John Street, Liverpool, & Lombard Street, London.

TRUSTEE—JOHN NAYLOR, Esq.

Directors, &c., in Liverpool.

Chairman, Ralph Brocklebank, Esq.

Deputy-Chairmen.

Thos. Bouch, Esq., & Geo. H. Horsfall, Esq.
M. Belcher, Esq. M. H. Maxwell, Esq.
David Duncan, Esq. Lloyd Rayner, Esq.
T. D. Hornby, Esq. Henry Royds, Esq.
D. Malcolmson, Esq. J. Torr, Esq., M.P.
W. J. Marrow, Esq.

Medical Officer. J. B. Nevins, Esq. M.D.
Solicitor. P. F. Garnett, Esq.

Directors, &c., in London.

Chairman.

William Wainwright, Esq.

H. T. Armitage, Esq. T. Lancaster, Esq.
C. J. Busk, Esq. D. H. Rucker, Esq.
C. Butler, Esq. Geo. Tamplin, Esq.
B. Cooke Coles, Esq.

Solicitors.

Messrs. Symes, Sandilands, & Humphry.

Medical Officer.

Dr. Sanderson, 26, Upper Berkeley Street,
Portman Square.

LIFE RESERVE, £1,853,011. FIRE RESERVE, £814,618.
ACCUMULATED FUNDS, £2,957,174.

FIRE DEPARTMENT.		LIFE DEPARTMENT.	
Premiums, 1852	£76,925	Premiums, 1852	£17,879
" 1862	300,690	" 1862	105,763
" 1874	774,631	" 1874	240,636

LIFE DEPARTMENT.

SECURITY OF LIFE ASSURERS.

From a quinquennial valuation of the entire Life Liabilities made as at 31st December, 1874, by independent Actuaries, at 3 per cent. Net Premiums, the Life Assets showed a surplus over Liabilities of £273,600, enabling the Directors to declare a Reversionary Bonus amounting to £7 10s. per cent. on each sum assured for five years.

A VALUABLE SCHEME OF LIFE ASSURANCE

Has recently been prepared by the Company for issuing

"COMPLETE LIFE POLICIES."

Restricting the payments of Premiums to a certain fixed number of years, and under which the Assured can discontinue his Policy at any time without suffering loss, as for every Premium paid the Policy will hold good for a proportionate amount,

SECURITY AGAINST FORFEITURE BEING THUS GIVEN.

HALF CREDIT SYSTEM.

Under the "Half Credit System" Policies can be effected by persons under 50 years of age, at One-half the Ordinary Premium for the first seven years, the other half remaining as a debt on the Policy at 5 per cent. interest, payable in advance annually with the Premium.

FIRE BRANCH.

The following Table is subjoined as illustrating the extremely small payments that will be required for Insurance on the Buildings of Brick-built Private Houses, and on Furniture and Personal Property of every description therein, the total Annual Charge being as follows:—

SUM ASSURED.	ON HOUSES.	ON FURNITURE.
£200	3s. 0d.	4s. 0d.
300	4s. 6d.	6s. 0d.
400	6s. 0d.	8s. 0d.
500	7s. 6d.	10s. 0d.
1000	15s. 0d.	20s. 0d.

Loss and Damage by Explosion of Gas made good.

PROMPT AND LIBERAL SETTLEMENT OF LOSSES.

JOHN H. McLAREN, Manager.

JOHN B. JOHNSTON, Secretary in London.

ROCK LIFE ASSURANCE COMPANY,

ESTABLISHED A.D. 1806,

FOR THE ASSURANCE OF LIVES AND SURVIVORSHIPS,

No. 15, NEW BRIDGE ST., BLACKFRIARS, LONDON, E.C.

Trustees.—J. G. Barclay, Esq.; The Right Hon. J. G. Dodson, M.P.; G. A. Fuller, Esq.; R. Hudson, Esq., F.R.S.; J. D. Magens, Esq.; C. Rivaz, Esq.; S. H. Twining, Esq.
Directors.—G. P. Bidder, Esq.; The Right Hon. J. G. Dodson, M.P.; G. A. Fuller, Esq.; F. Goddard, Esq.; R. Hudson, Esq., F.R.S.; Sir J. Kelk, Bart.; S. Laurence, Esq.; Lieut.-General Sir G. St. P. Lawrence, K.C.S.I., C.B.; T. H. Longden, Esq.; C. T. Lucas, Esq.; J. D. Magens, Esq.; C. Rivaz, Esq.; C. Rugge-Price, Esq.; W. B. Townse, Esq.; H. Tritton, Esq.; S. H. Twining, Esq.
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Physician.—F. J. Farre, M.D., F.R.C.P. *Surgeon.*—B. Shillitoe, Esq., F.R.C.S.
Solicitors.—Messrs. Kendall & Congreve, Union Bank Chambers, Lincoln's Inn.
Bankers.—Messrs. Barclay, Bevan, Tritton, Twells, & Co.
Actuary.—H. W. Porter, Esq.

NINTH DIVISION OF PROFITS.

The next Division of Profits will be made in the year 1882. Assurances effected during the current year will secure one year's additional Bonus at the next Division of Profits in the year 1882, and at all future divisions in which they participate, above Assurances taken out after that date.

The ROCK LIFE ASSURANCE COMPANY, which has been established nearly THREE QUARTERS OF A CENTURY, has an ACCUMULATED FUND of more than THREE MILLIONS STERLING, invested in Mortgages on Land and other first-class Securities:—

Viz., on the 20th of August, 1875	£3,167,289	2	9
Sum assured—Inclusive of Bonus Additions—at that date	4,893,272	6	4
Estimated Liability thereon (Northampton Table of Mortality, 3 per Cent. Interest	1,451,708	14	6

Being less than one-half the Fund invested.

Total Amount of Bonus Additions made to Policies	3,251,871	3	9
Amount of Profits divided for the Seven Years ending Aug. 20, 1875	535,216	16	0
Annual Income	286,500	9	1
Total Claims paid—Inclusive of Bonus Additions	7,893,697	1	8

Copies of the Accounts deposited with the Board of Trade, pursuant to "The Life Assurance Companies Act, 1870," as well as of the Periodical Valuation Accounts, and every information may be obtained on application.

H. W. PORTER, *Actuary.*

STAR

LIFE ASSURANCE SOCIETY.

48, MOORGATE STREET, LONDON, E.C.

DIRECTORS.

CHAIRMAN—MR. ALDERMAN McARTHUR, M.P.
 DEPUTY-CHAIRMAN—WILLIAM MEWBURN, Esq.

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 THOMAS BALL, Esq.
 GEORGE M. KIELL, Esq.
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 SIR FRANCIS LYCETT.
 WILLIAM MERRY, Esq.
 JOHN NAPIER, Esq.
 JONATHAN S. PIDGEON, Esq.
 JOHN VANNER, Esq.
 S. D. WADDY, Esq., Q.C., M.P.

Assurance and Annuity Fund	£1,216,115
Annual Income (1874)	228,613
Bonuses Apportioned	681,774
Claims Paid	1,140,151

Copies of the Report, Balance Sheet, and Prospectus can be obtained on application to the Head Office.

W. W. BAYNES, Secretary.

THE
Standard Life Assurance Company.

ESTABLISHED 1825.

Governor.

HIS GRACE THE DUKE OF BUCCLEUCH AND QUEENSBERRY, K.G.

Deputy-Governors.

THE RIGHT HON. THE EARL OF DALKEITH.

THE RIGHT HON. THE EARL OF STAIR, K.T.

London—82, King William Street.

Ordinary Directors.

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Robert Orr Campbell, Esq., East
India Avenue.
Lestock R. Reid, Esq., 122, West-
bourne Terrace.

Francis Le Breton, Esq., 21, Sussex
Place, Regent's Park.
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Street East, E.C.
J. C. Dimsdale, Esq., Banker,
Cornhill.

Manager and Actuary.—Spencer C. Thomson, B.A., Cantab.

General Secretary for England.—Henry Jcnes Williams.

WEST END OFFICE—3, PALL MALL EAST, S.W.

Resident Secretary—JOHN O'HAGAN.

Results of the business for the year ending Nov. 15, 1874:—

Proposals accepted, and Policies issued, amounti g to	£1,088,665 18 0
Annual Premiums thereon	35,891 17 1

The business of the Company has increased steadily year by year since its establishment in 1825. During the last twenty years its progress has been very rapid

From 1850 to 1855 the amount of Assurances effected was	£2,492,968 6 7
From 1855 to 1860 the amount of Assurances effected was	2,815,455 3 0
From 1860 to 1865 the amount of Assurances effected was	3,834,365 5 6
From 1865 to 1870 the amount of Assurances effected was	5,713,813 7 3

Since 1865 the amount of **New Assurances** effected has considerably exceeded a **MILLION STERLING** annually.

The **Accumulated Fund** is now upwards of **Four and three-quarter Millions sterling.**

The **Annual Income** exceeds **Seven Hundred and Thirty Thousand Pounds sterling.**

The Directors invite particular attention to the Terms and Conditions of the **FREE ASSURANCE SCHEME**, under which persons assured are allowed to reside in any part of the world free of extra premium.

LONDON—82, King William St., E.C.; & 3, Pall Mall East, S.W.
EDINBURGH—3 and 5, George Street (Head Office).

The Medical Officer attends daily at the **LONDON OFFICE, 82, King William Street, at Half-past One.**

SUN LIFE ASSURANCE SOCIETY.

Chief Office, **THREADNEEDLE STREET**; Branch Office, **CHARING CROSS**,
and at **OXFORD STREET**, corner of Vere Street, W.

Established 1810.

MANAGERS.

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Right Hon. William Beresford.
Philip Pleydell Bouverie, Esq.
Walter Wyndham Burrell, Esq.
Cecil Chaplin, Esq.
George Wodehouse Currie, Esq.
Edward Dent, Esq.
Harvie Morton Farquhar, Esq.
Walter Randolph Farquhar, Esq.
Augustus Terrick Hamilton, Esq.
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Lieut.-Colonel Sir J. M. Hogg,
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Henry Francis Shaw Lefevre, Esq.
Charles R. Littledale, Esq.
Richard Biddulph Martin, Esq.
Alfred Montgomery, Esq.
Frederick Henry Norman, Esq.
Edward Howley Palmer, Esq.
Charles Richard Pole, Esq.
Lambert Pole, Esq.
Colonel Frederick Henry Rich.
Rt. Hon. G. Selater-Booth, M.P.
Oswald Augustus Smith, Esq.
Henry Richard Tomkinson, Esq.

THE SECURITY offered by this Society is undoubted; a copy of the Revenue Account and Balance Sheet may be obtained on application.

POLICIES can be effected at Annual, Half-Yearly, or Quarterly Premiums; the rates will be found to be especially low for young lives.

AT THE LAST division of Profits the Cash Bonuses appropriated to assurances effected since Midsummer, 1860, averaged 27 per cent. of the premiums paid in the preceding five years, being equal to a return of more than a premium and a third.

WITHOUT Profit Policies and Endowment Assurances granted.

PERSONS whose lives are assured may pass by sea during peace, and reside in any part of the Northern Hemisphere north of the 35th degree of North Latitude, except China and Japan.

J. G. PRIESTLEY, Actuary.

Sovereign Life Assurance Company,

48, ST. JAMES'S STREET, LONDON, S.W.

CITY OFFICE—122, CANNON STREET, E.C.

Established 1845. Empowered by Special Act of Parliament.

DIRECTORS.

Chairman—Sir JAS. CARMICHAEL, Bart. *Deputy-Chairman*, JOHN ASHBURNER, Esq., M.D.
Lieut.-Col. BATHURST. CHARLES WILLIAM REYNOLDS, Esq.
JOHN GARDINER, Esq. Sir J. E. EARDLEY-WILMOT, Bart., M.P.

This Office makes ADVANCES on Real, and, to a limited extent, on Personal Security. It presents the following advantages:—The Security of a large Accumulated Fund. Moderate Rates for all ages, climates, and circumstances connected with Life Assurance. The Actuary's Report on the sound position of the Company, Prospectuses, and every information can be obtained at the Office.

HENRY D. DAVENPORT, Secretary.

University Life Assurance Society,

25, Pall Mall, London, S.W.

Established 1825. Incorporated by Royal Charter.

CAPITAL, £800,000.

President—His Grace the Lord Archbishop of Canterbury.

Directors.

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THE ADVANTAGES OF THIS SOCIETY ARE AS FOLLOWS:—

Capital Paid up	£30,000
Amount Accumulated from Premium	993,000
Annual Income	98,000
Policies Outstanding and Additions, upwards of	2,270,000

BONUS.—In every fifth year, NINE-TENTHS OF THE PROFITS ARE APPROPRIATED TO THE ASSURED, and may be taken either *by diminution of Premium* or *by cash payment proportionate to age*, or *by addition to the amount of the Policy*, at the option of the party.

The Bonus now declared in 1875 amounts to 2 per cent. per annum for the five years. A Bonus of 1½ per cent. per annum is paid on Policies becoming claims in the interval of each five years.

CHARLES McCABE, *Secretary*.

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Dec., 1875.

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FUNDS

Realized Assets (1875)	£2,142,015
Life Assurance and Annuity Funds	2,067,970
Annual Income	480,000

BONUS YEAR, 1876.

Policies effected before the 1st of July, 1876, on the profit tables, with annual premiums, will participate in the Bonus to be declared next year, in the manner prescribed by the regulations of the Society.

Family Trust Policies, under Act 33 and 34 Vict., cap. 93, are now issued by the Society. They are a PERFECT FAMILY PROVISION, not subject to the control of the Husband or of his Creditors. A Married Woman may insure her own Life or the Life of the Husband for her OWN SEPARATE USE. A Married Man may insure his Life for the SEPARATE BENEFIT of his WIFE CHILDREN.

Moderate Rates of Premium.

A Director and Medical Officer in attendance daily.

Assurances effected without delay.

Claims promptly settled.

Loans granted on Real and Personal Security.

PROPOSAL FORMS, &c., to be obtained on application to the Society's Agents, or to

F. ALLAN CURTIS,
Actuary and Secretary.

THE SCOTTISH WIDOWS' FUND

(MUTUAL)

LIFE ASSURANCE SOCIETY.

Established 1815.

Existing Assurances £20,000,000.
Accumulated Fund 6,200,000.
Annual Revenue 780,000.

THE SOCIETY BEING PURELY MUTUAL, THE POLICY-HOLDERS
SHARE AMONG THEM THE WHOLE PROFITS.

METHOD OF DIVISION.—The Profits are distributed every Seven Years in the form of Bonus Additions to the Sums Assured, proportionate, not to the Original Sum in the Policy merely (as is commonly the case), but to the Whole Amount payable, inclusive of previously accumulated Additions. By this equitable arrangement Increasing Bonuses are allocated to Members who, by survivorship, contribute largely to the Fund; while those who die early are not deprived of their fair share of the Surplus.

EXAMPLES of TOTAL SUMS payable under POLICIES of £1000 becoming Claims in 1875.

Year of Entry.	Policy with vested Bonus Additions at Dec. 31, 1873.	Intermediate Bonuses, 1874 and 1875.	Guaranteed Fund (taking Age 35) and Interest thereon.	TOTAL.	Year of Entry.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	
1817	2726 9 4	76 6 10	125 4 7	2928 0 9	1817
1820	2310 15 9	64 14 1	105 0 10	2480 10 8	1820
1825	2163 18 4	60 11 10	94 10 5	2319 0 7	1825
1830	2017 0 7	56 9 6	82 17 3	2156 7 4	1830
1840	1687 12 2	47 5 1	57 4 6	1792 1 9	1840
1850	1412 17 4	39 11 3	35 0 9	1487 9 4	1850
1865	1141 3 2	31 19 0	10 0 7	1183 2 9	1865

The Society has neither Agencies nor Investments out of the Three Kingdoms.

THE Magnitude, Security, and Profitableness of its Business, and the prospects of advantage which it holds out to Policy-holders are thus patent to all in its present position and past results.

THE TOTAL ASSURANCES IN FORCE EXCEED
TWENTY MILLIONS STERLING.

No one can read results so large and striking without seeing that they fully account for the confidence now so extensively placed in the SCOTTISH WIDOWS' FUND SOCIETY as a Life Assurance Institution possessing every element of Stability, Productiveness, and PROMISE OF UNDIMINISHED BENEFITS TO THE ASSURED.

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